

Inside story

Confusion Over E-Way Bill Launch

In what will further increase confusion for companies and transporters after the central e-way bill portal crashed, states such as Gujarat and Uttarakhand are now giving separate dates for its implementation, reports Anirban Chowdhury. >>> PAGE 8

Voda Downplays Subscriber Loss Concerns Post Merger with Idea

Vodafone Group CEO Vittorio Colao downplayed concerns about subscriber market share loss to Bharti Airtel in the lead up to the merger of its Indian arm with Idea Cellular, saying the two sides have planned well and that in any case they need to lose some to conform to rules on how many subscribers they can hold in a circle. Companies: Pursuit of Profit >>> 14

Flipkart FY17 Revenues Surge 29% to ₹19,854 cr, Losses Swell 68%

Flipkart Group saw its overall revenues increase by nearly a third in the previous fiscal while losses ballooned on the back of falling valuation. Revenues rose 29% to ₹19,854 crore in the financial year ending March 2017, according to regulatory filings made by the online retailer's parent company in Singapore. Companies: Pursuit of Profit >>> 15

ET WEALTH ON MONDAY

THE ECONOMIC TIMES

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BUDGET 2018

HOW IT IMPACTS YOU

ET MAGAZINE ON SUNDAY

THE ECONOMIC TIMES

magazine

Modi and the Middle Class



ET INSTA POLL

Do you think lack of tax sops will alienate Modi's middle-class voter base?

60% YES

36% NO

4% CAN'T SAY

TODAY'S QUESTION

Are markets over-reacting to LTCG tax on equity investments?

www.economictimes.com


Bitcoins Losing Currency on Budget Warning

Trading spikes on Bitcoin exchanges after FM's speech, confusion over tax treatment of cryptocurrency gains

Sachin Dave & Saloni Shukla

Mumbai: Trading on Bitcoin exchanges surged on Thursday and Friday after finance minister Arun Jaitley said in his February 1 Budget speech that cryptocurrencies were legal tender. Exchange servers were said to have ground to a near halt on both days due to the sudden spurt in transactions, although the platforms themselves said things had settled down after the initial panic. Zebpay, Unocoin, Coinsecure and BTCXIndia all saw large transaction volumes. Mumbai resident Rahul Ray was one of those who sold his Bitcoin holding on Friday morning. "It was after the finance minister's speech that I went back and checked the fine print on one of the exchanges," he said. "Basically, even before accepting the money, the exchanges are clarifying that if the government comes after them, customers may

Day After, Sensex & Nifty See Big Selloff



Bears On The Prowl

Friday's crash wiped off ₹4.6 lakh crore from the market value of listed Indian stocks

SENSEX GAINERS

Company	Price (₹)	% Change vs Previous Close
TCS	3149.15	0.33
HUL	1372.70	0.10

TOP SENSEX LOSERS

BAJAJ AUTO	3242.60	-4.90
MARUTI SUZUKI	9000.30	-4.28
AXIS BANK	564.95	-4.28
RELIANCE IND	905.70	-4.07
TATA STEEL	669.70	-3.82

BSE 500 LAGGARDS

PC JEWELLER	365.60	-24.4
GMR INFRA-STRUCTURE	19.25	-15.38
BOMBAY DYEING	191.80	-13.41
JINDAL SAW	131.19	-13.23
RELIANCE NAVAL AND ENGINEERING	38.54	-12.61

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ET EXPLAINS THE NUTS & BOLTS OF LONG-TERM CAPITAL GAINS TAX >>> PAGE 6

PAYOUT LIKELY BEFORE MARCH 31

MFs may Dole out Big Dividends

Mutual fund houses may pay huge dividend in their equity-oriented schemes before March 31 following demand for payout from wealth managers, reports Prashant Mahesh. >>> 6

Adhia: Not Worried by Market Crash; Why Encourage One Asset Class Over Others?



Says no need for LTCG benefit after reworking of bilateral tax treaties

Deepshikha Sikarwar & Vinay Pandey

New Delhi: The government isn't worried by the stock market plummeting after the imposition of long-term capital gains (LTCG) tax on shares in the Budget, reasoning that one asset class should not be privileged over another. Besides, the beneficiaries of the exemption on equities were mostly companies, trusts and limited liability partnerships that were in-

vesting in financial markets rather than in more economically productive areas like manufacturing.

"When the Sensex is going at 36,000 points, 500 or 1,000 points here and there is not going to" make a difference, finance secretary Hasmukh Adhia, who is also the revenue secretary, told ET in an interview. The Sensex fell 839.91 points, or 2.3%, to close at 35,066.75 on Friday. Asked if the market reaction worried him, he replied: "I don't think so... In fact, it has rapidly risen in the past month or so. Gain in the last one month is much more than temporary adjustment."

DECODING THE BUDGET >>> 2,4-6,9,10,14

'To Encourage Equity Investment' >>> 6

It is largely corporates and large investors (who gained from LTCG exemption). Instead of investing in manufacturing, there was an encouragement to invest directly in markets

HASMUKH ADHIA

Finance Secretary

Economic Affairs Secretary SC Garg Explains How Higher Import Duty will Help

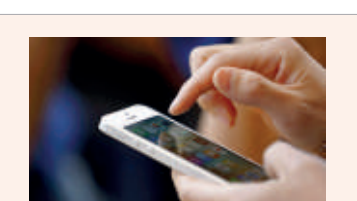
Big Shift from Divestment to Investment Management, Says DIPAM Secretary NK Gupta

FULL INTERVIEWS >>> PAGE 9

Duty Hike may not Boost Make in India: Industry

Rasul Bailay & Shambhavi Anand

New Delhi: Sellers of foreign high-end watch, cosmetics and shoe brands said the doubling of customs duty on such goods to 20% wouldn't necessarily boost Make in India, at least in the foreseeable future. It's difficult to make most of those products in India due to various reasons including economies of scale, non-availability of the required technology or raw materials that go into products, they said. "Even if I make locally, somebody else is importing the ingredients. So, the end product is expensive because the hike in customs duty is on all makeup preparations," said Vivek Bali, India COO of Sephora, a US-based cosmetics brand, which operates in India through a franchisee arrangement with the Arvind Group.



Macbooks, iPads too Push Apple Sales in India

It's not just iPhones, Mac computers and iPads too have started to deliver results for Apple in India, growing at a faster pace than the global average after it expanded distribution and pushed sales in the country. The company has now hired senior executives to lead policy and HR in India, reports Writankar Mukherjee. >>> 14

ANALYSTS WANT DETAILS >>> 11

NATIONAL HEALTH PROTECTION SCHEME

Cover Drive could Cost Exchequer ₹10,000 Cr a Year

Scheme likely to be rolled out in 6-8 months; Centre, states to share cost

Deepshikha Sikarwar & Vinay Pandey

New Delhi: The government expects the mega healthcare scheme announced in the Budget to cost only about ₹10,000 crore annually, well below some independent estimates that peg the burden on the exchequer at about ₹1 lakh crore.

The government is exploring both the trust and insurance models for the National Health Protection Scheme announced in the February 1 Budget that seeks to provide up to ₹5 lakh per family per year for secondary and tertiary care hospitalisation. It will cover 100 million families or 500 million people, assuming an average family size of five people.

The scheme, to be launched jointly with states, is expected to be rolled out in six to eight months and is envisaged as the world's biggest healthcare programme. The government said it has provided for adequate funding with an additional 1% cess imposed in the Budget on income tax.

"In the current year, we may require less money but the government stands by it," finance secretary Hasmukh Adhia said. "It is for this that we have put 1% extra cess. That will give us ₹11,000 crore."

The programme will likely cost about ₹10,000 crore with the share of the central government being about ₹4,000-5,000 crore because it will be shared with the states, said economic

Health & Wealth

Additional 1% cess announced in Budget will fetch Centre ₹11,000 crore needed to roll out the scheme

•Niti Aayog estimates the premium per family at ₹1,000-1,200 to cover 100 million families

•First year's requirement will be around ₹5,000 cr as only 50% of the beneficiaries, identified using SECC data, will be covered under the scheme

•Cost will be shared between the Centre and states in the ratio of 60:40; for hill states, the ratio will be 90:10

•Govt exploring both the trust and insurance models for the health scheme

MINIMISING COST OF HEALTHCARE >>> SEE EDIT

affairs secretary Subhash Chandra Garg based on his interaction with the health ministry. He offered some clarifications on what the programme will entail and said it won't add to the financial burden on the government. "This scheme is for hospitalisation for major diseases and there the track record of the RSBY (Rashtriya Swasthya Bima Yojana) also has been taken into consideration by the health ministry," Garg said. "In that sense, it does not appear to be very heavy on the fisc."

Government think tank Niti Aayog estimates the premium per family at ₹1,000-1,200, which translates into ₹10,000-12,000 crore for the full rollout of the scheme to cover 100 million families.

To Cover 50% Families in 1st Year >>> 6

ENHANCED MSP FOR KHARIF CROPS: AGRI MINISTER New Mechanism to Buy Produce



The Centre and states will finalise a new crop procurement mechanism before the summer-sown, or kharif, crop is harvested to make sure that farmers get the enhanced minimum support price (MSP) for crops as promised, agriculture minister Radha Mohan Singh tells Madhvi Sally. >>> 4

PERFECTION is the ESSENCE that MAKES US

RAU'S IAS INTERVIEWS 2017-18

Everything that you need to know and experience, delivered by eminent Retired-IAS/IPS/IFS officers at Rau's.

INTERVIEW PANEL

Mr. Love Verma IAS (Retd.) & former Secretary, Govt. of India

Mr. Sarweshwar Jha IAS (Retd.) & former Additional Secretary, Govt. of India

Mr. B.L. Vohra IPS (Retd.), former Director General of Police

Mrs. Aradhana. J IAS (Retd.) & former Secretary, Govt. of India

Mr. Kush Verma IAS (Retd.) & former Secretary, Govt. of India

Amb. Radha Ranjan Dash IFS (Retd.) Ambassador

Mr. K.P. Sasidharan Director General (Retd.) CAG, India

Mr. R. Srinivasan IES (Retd.) & Economic Advisor Ministry of Commerce

Mr. Raj K. Mahtolia Indian Forest Services (Retd.)

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Illustration: ANIRBAN BORA

Queries may be Benign in Nature >>> 6



DECODING
THE BUDGET

A section of BJP leaders feels there could be some mid-year announcements to assuage the 'feelings' of the middle class – party's trusted vote bank

BJP Leaders Back Thrust on Farmers, Dalits & Tribals

Have some reservations over how National Health Protection Scheme will be implemented

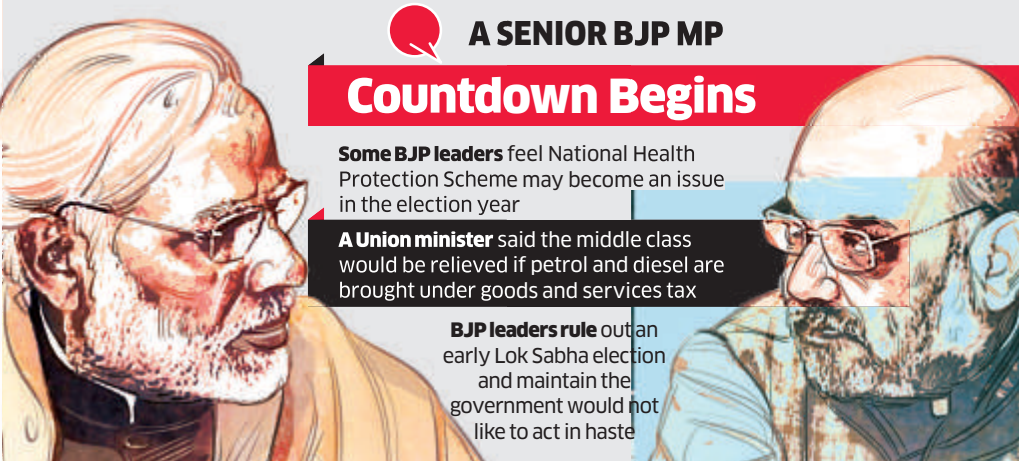
Rakesh Mohan Chaturvedi
@timesgroup.com

New Delhi: The budget has evoked mixed responses from the ruling BJP, with most leaders expressing support to the thrust on the rural sector, farmers, Dalits and Tribals. However, there are some reservations over how the ambitious National Health Protection Scheme would be implemented and apprehensions that the middle class voter may have been antagonised, with the government not offering anything significant to this segment.

The lessons from Gujarat elections, where BJP did badly in the rural areas, and the forthcoming assembly elections in Madhya Pradesh, Rajasthan, Karnataka and Chhattisgarh have also influenced the government decision to woo the rural voters.

Asked about the changed priorities, a senior BJP MP said: "The last three NDA budgets were focused more on the middle class

The last three NDA budgets were focused more on the middle class and the urban voter. This year, there is an attempt to uplift the rural poor and the farmer and improve their living conditions



A SENIOR BJP MP

Countdown Begins

Some BJP leaders feel National Health Protection Scheme may become an issue in the election year

A Union minister said the middle class would be relieved if petrol and diesel are brought under goods and services tax

BJP leaders rule out an early Lok Sabha election and maintain the government would not like to act in haste

and the urban voter. This year, there is an attempt to uplift the rural poor and the farmer and improve their living conditions."

While the National Health Protection Scheme has become the talking point of the budget, some MPs felt that implementing it could be a tall order. The government has already announced that it will be inaugurated on October

2 this year. Though ₹2,000 crore has been allocated for this scheme and the insurance companies will play a major role, the teething problems appear inevitable and some party leaders feel it may become an issue in the election year. The Opposition has already called it a "jhumla (empty promise)".

Antagonising the middle class, which has been a trusted vote bank

of BJP for long, may also harm the party. Many expected an increase in the tax exemption ceiling but were disappointed. The increase in cess from 3% to 4% has further dampened their spirits.

Moreover, several items used by the middle class will become costlier after the increase in import duty. A Union minister said the middle class would be relieved if petrol

and diesel are brought under goods and services tax, a proposal that is on the GST Council table, but states are opposed to it.

Some leaders felt there would be some mid-year announcements to assuage the feelings of the middle class. Finance minister Arun Jaitley has not ruled out a change in the fiscal year that would lead to another full budget, but this is yet in the realm of speculation.

Increase in MSP to 1.5 times of the production cost, sops for perishable crops and other measures were imperative to win over the farmers. The farmer agitation in Mandla (Madhya Pradesh) that led to the killing of five farmers in police firing last year and the poor performance of BJP in Saurashtra region of Gujarat in the recent assembly elections forced the Modi government to take corrective steps.

There are fears that the increase in MSP and the rollout of NHPS, along with other factors, will affect the fiscal deficit target and give the Opposition an issue to slam the government during polls. Inflation is already an issue for the Opposition.

The Bharatiya Mazdoor Sangh, an arm of the Sangh Parivar, has expressed its displeasure at the budget.

BJP leaders, however, rule out an early Lok Sabha election and maintain that the government would not like to act in haste as it did in 2004 when the India Shining slogan backfired.

NEW FUNDING PROPOSAL MOOTED IITs & NITs Give the Thumbs up to RISE Model

Institutes will have to seek loans from the Higher Education Financing Agency

Our Political Bureau

New Delhi: Centrally-funded institutes such as the IITs and NITs have welcomed the government's move to stop budget grants for capacity-building. They said the move is in sync with the autonomy that these institutes enjoy and will allow them to raise funds and expand as per their requirements.

The RISE (Revitalising Infrastructure and Systems in Education) model announced by FM Jaitley in his budget speech will help these institutes in creating research infrastructure by seeking funds on the basis of proposals for the project.

As per the new funding proposal, the institutes will have to seek loans from the Higher Education Financing Agency (HEFA). While the institutes will have to bear 25% of the cost, the rest will be incurred by the government.

IIT Bombay director Devang Khakhar said: "It is a good move as IITs need funds to upgrade their infrastructure. IIT Bombay currently houses over 10,000 students, but hos-



INCREASING CAPACITY

Government is planning to increase the intake capacity of IITs by 1,000 seats

tels can accommodate only about 8,000. We need to massively upgrade our hostels, labs and classrooms."

The government is already planning to increase the intake capacity of IITs by 1,000 seats and has proposed a 14% supernumerary increase in the admission quota for women. IIT Madras director Bhaskar Ramamurthi said: "The move will help IITs build infrastructure in one go. And then, they can repay loans, rather than wait for grants that may be lower in scale, which may stall projects."

IN THE BACKDROP OF MILITARY THREATS FROM CHINA AND PAKISTAN...

More Needed for Defence: Experts, Officials

Shaurya Gurung1@timesgroup.com

New Delhi: India's defence budget is inadequate to meet major modernisation and infrastructure development programmes against the backdrop of military threats from China and Pakistan, experts and officials privy to the matter said. They maintained that additional allocation is needed to enhance military preparedness.

Experts said a certain amount of budgetary allocation should be maintained to fill operational voids and meet future requirements, and this should not happen only during war.

A person familiar with the matter said: "The general mindset in the government is that only when there is a war the defence budget should be increased. Any other time, it is not given much priority."

Defence budget for 2018-19 is just ₹2.95 lakh crore, a mere 7.81% hike over last year's allocation of

₹2.74 lakh crore.

"With just a 7.81% increase in the defence budget, the modernisation of the services cannot be supported. It also means that the policy and acquisition decisions which have been taken will not be feasible on the



ground," said sources, adding that modernisation also includes strategic projects and border roads.

"With inflation and pay increasing every year, committed liabilities such as life-cycle costs and buying

more ammunition cannot be supported with it," said an official.

Sources explained that due to limited defence allocation, priority in infrastructure development will be given to about 19 of the 73 India, China Border Roads (ICBRs) over the



General Staff (GS) roads. However, the GS roads are equally important because they allow quick local and inter-sector movement.

There is also the issue of contractual liability which leads to less capi-

tal outlay. For example, if a contract for providing a product or service to an armed force has been given to a company and the money for it has to be paid over a period of time, every financial year a percentage of the money which has to be paid is cut

GENERAL PERCEPTION

'The general mindset in govt is that only when there is a war the defence budget should be increased'

from the capital expenditure.

Experts added that what ultimately needs to be done is to ensure that India's military can face a high-tech Chinese Army, especially when China's 2017 defence budget stands at

\$152 billion (₹9.75 lakh crore).

In view of threats and internal security requirements, the government has implemented some major policy and acquisition decisions since last year onwards. An important step was the Army reorienting its next five-year plan (2018-2023) to meet its operational requirements along India's frontier with China.

Last July, the Centre had notified that Army's Vice-Chief Lt Gen Sarath Chand would have full financial powers to procure critical ammunition and spares. Even the procurement of advanced assault rifles was fast-tracked. The process for replacing T-72 tanks was also started. Also, more of the 145 ultra-light howitzer guns will be arriving this year.

Even IAF is looking at procuring combat jets for its dwindling fighter squadron. The Navy also has the P-75 and P-751 submarine programmes, which are an important requirement due to the growing Chinese naval presence in the Indian Ocean Region.

Def Budget: Nothing to Hasten Modernisation of Armed forces



Amit Cowshish

The proposed defence outlay for the next fiscal, excluding defence pensions, constitutes a growth of 7.81% over the budget estimates (BE) for the current year. This is far less than the growth of close to 11% envisaged in the mid-term fiscal expenditure statement submitted to Parliament in August last year.

The proposed defence outlay amounts to 1.58% of the gross domestic product (GDP) and 12.10% of the central government expenditure (CGE). But the position changes dramatically if one also factors in the defence pensions which have seen a sharp increase of 27%, pushing up the overall outlay to 2.16% of the GDP and 16.56% of the CGE.

These statistics becloud the fact that the outlay exclusively for the three services, which is subsumed in these figures, will increase by just about 7.16%, comprising a 7.39% increase in the revenue expenditure and a much lower 6.68% increase in the capital segment.

Much of the increase in the revenue budget will go into paying the salaries and meeting other obligatory expenses on ration, clothing and fuel. As in the past, this is unlikely to leave adequate sums of money for ensuring operational readiness of the equipment in use, buying ammunition and maintaining the existing infrastructure.

An increase of approximately ₹850 crore under the 'stores' budget head and a decrease of ₹2 crore in the 'works' budget head of the Indian Army, which cater for these expenses, is a grim reminder of this reality. For the time being, this also puts paid to any plans that might have been in the pipe-

SALARIES & OTHERS

Much of the increase will go into paying salaries & meeting other expenses



NO MONEY!

Unlikely to leave adequate sums of money for ensuring operational readiness

line for creating cyber, aerospace and special forces commands or accretion in manpower.

The capital budget for the three services does not seem to have done any better. Back-of-the-envelope calculations show that while there will be an overall increase of approximately ₹5,300 crore, the allocation for the capital acquisition sub-segment will go up by just about ₹4,500 crore to approximately ₹73,500 crore, bulk of which will go into meeting the committed liabilities on account of the ongoing contracts.

It is difficult to say how much will be left for the new schemes but it cannot be anything substantial. It does not mean the end of the road for the new schemes, though. In the last four years new contracts worth ₹2,40,000 crore have been signed by the ministry at an average of ₹60,000 crore every year. Considering that normally only an advance payment of 15% is made on signing of the contracts, a sum of ₹9,000 per annum is all that was required to sign these contracts. It is possible that the capital acquisition budget for the coming fiscal will have at least this much cushion for signing new contracts.

But things could become difficult if the pace of signing the new contracts picks up miraculously and the ministry finds itself poised to sign contracts for a larger amount than the average of the past four years. In any case, it will not be unreasonable to say that there is nothing in the budget figures that indicates that the ministry would be in a position to hasten the pace of modernisation of the armed forces.

Against this dreary backdrop the announcement of setting up two defence industrial production corridors and bringing out an industry friendly defence production policy in 2018 to promote domestic production by the public and private sectors, as well as the MSMEs, rings a bit hollow.

The author is a former financial adviser (acquisition), Ministry of Defence

'Many mere extension of general welfare schemes' Experts Raise Concerns Over Lack of Targeted SC/ST Schemes in Budget

Our Political Bureau

New Delhi: Even as the government has allocated an unprecedented ₹95,000 crore for the welfare of Scheduled Castes and Scheduled Tribes in the budget, experts have raised concerns over the lack of targeted schemes. They also have punched holes in the new schemes planned for financial year 2018-19.

The government has earmarked ₹95,754 crore (₹39,135 crore for STs and ₹56,619 crore for SCs) in Budget 2018-19. The outlay, which is a 12.35% increase over ₹85,227 crore earmarked in 2017-18, is for 305 schemes for STs and 279 schemes for SCs. However, experts said the fine print of the Budget is not so encouraging.

A study by National Campaign on Dalit Human Rights (NCDHR) reveals that 50% of the earmarked funds are either not relevant to the community or not accessible. Speaking to ET, Dalit rights activ-

From the Fine Print

Budget 2018-19 has allocated ₹95,754 crore for welfare of SCs and STs. This is the allocation for 305 schemes for STs and 279 for SCs. A study of the fine print by the National Campaign on Dalit Human Rights, India's largest coalition fighting for elimination of discrimination based on caste, reveals:

There are general schemes being funded as SC/ST welfare schemes. These include ₹2,700 crore for road connectivity by ministry of road transport and highways

Only 31 of 279 schemes for SCs and 52 of 305 schemes for STs are appropriate, accessible and available

Only 23 new appropriate schemes introduced for SCs and STs

Eight of the important schemes for SCs/STs are severely underfunded

Many schemes are general flow schemes which are not targeted at SCs/STs, but benefit the entire population: Support to IITs; support to IIMS; Project Tiger; solar power; grants to central universities; establishing new medical colleges; Rashtriya Krishi Vikas Yojana

ALL EYES AND EARS Irani-monitored war room was getting real-time feedback on Budget Loudest Cheer on Social Media for Modicare

Vasudha Venugopal@timesgroup.com

New Delhi: From the government's agri push and ambitious health programme to the criticism that the wishlist of the middle class has not been considered, and above all, the prime minister's cheering in Parliament, every proposal that FM Arun Jaitley read out on Thursday prompted a chatter on social media. And capturing this feedback—across blogs, Facebook, Twitter and any place on the Internet that people found to talk about the



Budget—was an analytics team stationed in the I&B ministry, studying the comments and providing feedback to the government on reactions to the budget and which aspects of it need to be explained more. This war room of sorts, set up to get real-time feedback and empower the government to react suitably, was being monitored by minister Smriti Irani.

Those involved in the initiative told ET that the healthcare proposals dominated online discussions while the special scheme to address pollution in Delhi

and NCR, hike in MSP, welfare schemes for the rural section and the poor, rural toilets and focus on infrastructure too generated positive reaction.

"Initially, there was some doubt with regard to what the FM had said about fixing MSP of kharif crops. That had to be clarified," a professional said. He added that the loudest cheer, however, came when the FM announced the National Health Protection scheme to cover 10 crore poor households. "The announcement of the health scheme drowned out all other discussions."

Foreign Digital Cos with India User Base may have to Pay Tax

Cos seek level playing field as Budget mentions intent to tax digital businesses by amending I-T Act

Surabhi.Agarwal
@timesgroup.com

New Delhi: India could take the lead globally in outlining a feasible structure for taxing digital entities that have a large user base or business in a country but don't have a significant physical presence there.

Union Budget 2018 has, for the first time, mentioned India's intent to tax digital businesses by amending Section 9 of the Income Tax Act. According to experts, the discussion is part of the OECD and G20 Base Erosion and Profit Shifting (BEPS) and India is the first country to have taken concrete steps in this direction.

The digital tax will impact not just large companies such as Google, Facebook or Netflix but also scores of much smaller technology or Internet-driven companies that have operations in India.

Amit Maheshwari, partner, Ashok Maheshwari & Associates LLP, said digital companies have a unique model of operation where they don't need to have physical presence in India to earn revenue. "Till now, there was no system to tax them. The equalisation levy was imposed only for online advertising which is a very small chunk of their operations. The government is now saying that they have the right to tax such companies under section 9, which have



some economic nexus in India." Maheshwari said that a discussion on this front is important since India is becoming a large market for many Internet companies given the huge number of smartphone and Internet users in India.

The fine print of the Budget documents mentioned that the government will amend Section 9 of the Income Tax Act to provide that "significant economic presence" in India shall also constitute "business connection". It said that "significant economic

TAX NET LIKELY

Budget documents mentioned that the govt will amend Sec 9 of I-T Act to provide that 'significant economic presence' in India shall also constitute 'business connection'

mic presence" could include download of data or software in India or interaction with a prescribed number of users. The government will hold consultations with stakeholders to spell out the finer details.

An official of a large technology company said that most companies are not shying away from paying taxes but the government should come out with a formula that works for everybody. "Some of the challenges are questions such as what will determine India income, just because a company has users in here doesn't mean it is necessarily making any revenue or profits from India."

Netflix, Facebook, Google and AirBnB did not respond to queries seeking comments from ET.

Speaking at the World Economic Forum in Davos last month, Google CEO Sunder Pichai said the tax

structure needs to be reformed in order to address these concerns by countries. "As a company we paid, over the last five years, close to 20% in tax. We are happy to pay a higher amount, whatever the world agrees on as the right framework. It's not an issue about the amount of tax we pay, as much as how you divide it among various countries."

Amending the I-T Act will enable the government to renegotiate its trade agreements (Double Taxation Avoidance Agreement) only after which companies will start paying taxes in India.

Subho Ray, president of the Internet and Mobile Association of India (IAMAI), said that the body is open to having discussions with the government on this.

"Our only concern is that there should be parity in terms of international law of taxation since there are global companies operating in India but Indian technology companies also have operations the world over."

He said that one of the biggest concerns for the industry was the lack of level playing field when it comes to paying GST by an Indian and a foreign company. "If a foreign company books hotels in India through an online portal, it doesn't pay GST but an Indian company doing the same thing has to pay the tax. We want this issue to be sorted at the earliest since it creates disadvantage for Indian companies," he said.

Budget Outlay to be Used on Solar Pumps, Plants: Power Minister

Our Bureau

New Delhi: The government will implement a ₹1,40,000-crore scheme announced in the Budget to use solar energy for pumps and encourage use of barren land for setting up decentralised solar power plants, power and renewable energy minister R K Singh said on Friday.

The government will spend ₹48,000 crore over next five years for the Kisan Urja Suraksha evam Utthaan Mahabhiyan (Kusum) scheme, Singh told reporters here. The scheme will be sent to Cabinet for approval.

The scheme would provide additional income to farmers, by giving them option to sell additional power to the grid, through solar power projects set up on their barren lands, he said.

The scheme will have four components including setting up 10,000-mw solar plants on barren lands and incentivising discoms to buy the produced electricity, distributing 17.5 lakh solar pumps, solarising existing pumps of 7250-mw and government tube wells of 8250-mw capacity.

The farmers will be given 60% subsidy on the solar pumps, while 30% will be provided through bank loans. Farmers will have to bear 10% upfront cost.

Gold Sales may Go Up in Rural Areas

Kolkata: Gold sales are set to rise in rural India with the finance minister announcing a slew of measures to revive the rural economy and increase farmers' income, traders and jewellers said.

They also welcomed the government's move to come up with a comprehensive gold policy to develop gold as an asset class, saying it will make India a "go-for-gold" destination.

The mood at Mumbai's Zaveri Bazar, one of the country's biggest bullion and jewellery markets, was upbeat after the Budget, with dealers and jewellers heaving a sigh of relief as the FM did not tweak the 3% goods and services tax (GST) on gold as was widely anticipated.

The premium on gold disappeared post the budget and it was available at a discount of \$2 per troy ounce.

"The tension in the market has disappeared," said Mukesh Kotari, director at RiddiSiddhi Bullions. — Sutanuka Ghosal

Duty on PCBs for Chargers Puzzles Handset Makers

Gulveen.Aulakh@timesgroup.com

New Delhi: Some handset makers have flagged confusion created over the Budget proposal to impose basic customs duty (BCD) on populated printed circuit boards (PCBs) only for chargers and not for whole handsets.

They said the announcement appears to have deviated from the government's notified phased manufacturing programme (PMP). "The finance ministry should completely follow PMP approved and agreed upon along with the industry and IT ministry, and not deviate, which they have," said Sunil Vachani, chairman of contract manufacturer Dixon Technologies.

Under PMP, which gives a forecast into duty incentives to spur local production of mobile phones, duties on imports of PCBs for handsets was supposed to be announced in the Budget, and imposed from April 2018.

However, the government imposed a 10% import duty on PCB of chargers, 15% on LCD panels, and increased duty by 10% to 20% on lithium ion batteries, and by 5% to 15% on chargers, adapters, battery packs, wired headsets, receivers, keypad, antenna, side keys and USB cables. This apparent deviation, handset-makers say, puts a question mark on future investments by domestic and foreign companies into Make in India.

"PMP provides a direction to the industry, to both Indian and foreign investors but now the industry is confused about how to plan its investments," Vachani said, adding that the companies were reaching out to the government to seek clarity.

Analysts said that import duty on components such as PCBs and camera modules, besides other components that can be sourced locally, would have a greater impact on value addition and subsequent forex savings. "Current value addition in India stands at just 10%," said Tarun Patil, associate director at Counterpoint Research.

Industry watchers feel the lack of clarity could threaten the value addition into local manufacturing as the country is aiming for, as it could also deter component manufacturers – which fe-



ed into large scale manufacturing – to set up base in the country.

"The purpose of notifying the PMP was to give the industry, including component makers who want to come to India, enough time to plan their investments, which takes months. "Hence policy predictability to plan investments is needed," said Sanjeev Agarwal, chief manufacturing officer at Lava International.

Lava has already earmarked Rs 100 crore in PCB assembly, which is planned to begin this month with 2.5 lakh units that will be expanded to two million units over 2018.

Agarwal said his company would still seek clarity from the government which had given the assurance of duties on PCB assembly, even as it cautiously proceeds with its plans.

Coolpad India's chief executive Syed Tajuddin said the government should also give incentives to overseas ecosystem players so that they can plan and invest in India, mostly because all mobile phone players would not get into manufacturing components.

AAI to Part-Fund Upgrade Plan Via Debt

Our Bureau

New Delhi: Airports Authority of India (AAI) will meet about 60% of its total outlay for the next financial year through debt, as they pay 100% of their profit after tax (PAT) to the government as dividend. Union Budget 2018 has shown an outlay by AAI of ₹4,086 crore for the next financial year and about ₹2,500 crore will be raised from the market.

"The money will be invested in airport upgrade and about 60% of it will be raised as debt while the rest would be our equity into the projects," AAI chairman Guruprasad Mohapatra said on Friday.

A senior aviation ministry official said that this would be the first



time that the state-owned airport operator would raise debt to fund the airport upgrade scheme.

"Any healthy company should use a combination of debt and

equity to fund schemes, which was not the case with AAI.

"It is great that it is raising money as debt this year," said an aviation ministry official, adding that this will increase the cost of capital for AAI.

ET reported last month that AAI will have to pay its full FY2017 and FY2018 as dividend to the government after the government rejected its request for an exemption asking it to leverage its cash reserve.

Finance minister Arun Jaitley also announced in Union Budget 2018 that the finances of AAI will be leveraged to fund a part of the

airport upgrade plan.

In the Budget, the government has allocated nearly ₹890 crore to upgrade regional airports that are coming under the regional connectivity scheme called Ude Desh Ke Aam Nagrik (UDAN).

"Of the ₹1,000 crore under the RCS head, about ₹890 crore is for upgrading RCS airports and the rest would be to fund connectivity within the northeastern states," said a senior ministry official.

The official said the government has allocated ₹4,469 crore to fund the cost of buying two Boeing 777-300 ER (extreme range) and retrofitting it as per security standards sought by the security agencies. These aircraft will be used for ferry by VVIP like the president, vice-president and the prime minister.

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2049.2018

6 Decoding the Budget

The Economic Times, New Delhi / Gurgaon, Saturday, 3 February 2018

Market Trends

STOCK INDICES		% CHANGE
Nifty 50	10760.60	2.33
Sensex	35066.75	2.34
MSCI India	899.76	2.79
MSCI EM	2691.36	1.04
MSCI BRIC	700.86	0.72
MSCI World	8890.21	0.27
SX 40	20889.67	2.06
Nikkei	23274.53	0.90
Hang Seng	32601.78	0.12
Strait Times	3529.82	0.49

OIL (\$)		BOND
DUBAI CRUDE	66.78	10-YR YIELD
Absolute Change	0.43	7.56
		0.04

GOLD RATE	
Prices per Troy Ounce (\$)	
US	India
OPEN	1352.20
LAST*	1488.40
	1348.00

FOREX RATE (₹-₹ Exchange Rate)	
OPEN	LAST*
64.12	64.06

To Cover 50% Families in First Year

►► From Page 1
It estimates that in the first year, only 50% of the beneficiaries, identified using Socio-Economic Caste Census (SECC) data, will be covered. Hence, the first year's requirement will be around ₹5,000 crore. This will be shared between the Centre and the states in a 60:40 ratio; 90:10 for the hill states. RSBY provides ₹30,000 cover to about 36 million poor families. Against an allocation of ₹1,000 crore last year, the revised estimate is seen at ₹470 crore. Dubbing the new scheme as NaMoCare, union health minister JP Nadda said on Friday that it would not rely solely on private health insurance firms but that that states could also opt for a trust model. SECC data will be used to choose beneficiaries, the minister said.

"Resources are not a constraint. We have more than enough funds for the scheme. Challenge is to create a cadre of trained people to cater services at all levels of healthcare," said VK Paul, member, health, NITI Aayog. Adhia said: "We have to first sort out the procedural modalities. After that there will be tendering state-wise, depending on what each state opts for—trust model or insurance model. It may take six-eight months to roll out."

STATUS OF RSBY
The government has set aside ₹2,000 crore for RSBY programme this year. The scheme is likely to be subsumed in the new scheme.

The programme draft is ready and a note for the Expenditure Finance Committee has already been circulated, a health ministry official said, adding that the proposal will be sent to the cabinet as soon as the EFC gives its approval.

Adhia said procedural modalities will need to be sorted out. "Illnesses that are covered and maximum price ceiling that can be charged for each illness by hospitals will have to be decided," he said. After technical qualifications are drawn up for hospitals, these will be advertised. Hospitals agreeing to conditions and rates will need to apply for empanelment. "Once we have an agreement with hospitals, there would be insurance bidding and after that the scheme would be launched," Adhia said.

With inputs by Prabha Raghavan and Yogima Seth Sharma

Equity Schemes may Declare Huge Dividends

BEATING NEW LEVY Wealth managers handling HNI money want fund houses to make big payouts before LTCG tax comes into force

Prashant.Mahesh
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Mumbai: Mutual fund houses are likely to pay huge dividend in their equity-oriented mutual fund schemes before March 31. Wealth managers managing money for the rich have started calling up fund houses asking for huge dividend from such schemes before it becomes taxable from April 1. Dividend on equity-oriented mutual funds is tax-free for the investor till the end of this financial year. The finance minister has announced a 10% dividend distribution tax for such schemes from April 1. Chief executive officers of at least three fund houses have confirmed receiving requests for dividends from high networth individuals and wealth managers.

"There have been a number of requests from distributors asking for dividends in equity or balanced funds," said the CEO of a fund house at a domestic mutual fund. Many distributors have mobilised big money from HNIs in the past whenever fund houses have declared large dividends.

"Dividend is a big draw to attract investors. Whenever there's a huge dividend, a select set of investors are always ready to invest," said a Mumbai-based distributor.

According to mutual fund regulations, fund houses can pay dividend in their schemes only from realised gains. Given that this is the last chance to pay a dividend before it becomes taxable, many fund houses are likely to announce big dividends in their equity and balanced funds.

TAX-FREE TILL MARCH
Dividend on equity-oriented funds is tax-free for investor till the end of FY18. A 10% dividend distribution tax will be levied on such schemes from April 1

Suppose an investor buys into a mutual fund scheme with an NAV of Rs 30 in the dividend option today and the fund declares a dividend of Rs 5 on March 2, an investor earns Rs 5 as tax-free dividend, and post the dividend payment, the NAV drops to Rs 25.

"As per rules, an investor can also claim a notional loss on NAV due to dividend only if the units were bought three months before the record date, or were held for at least nine months after the dividend is paid," said Harshvardhan Roongta, chief financial planner,

Roongta Securities. So, if an investor holds the units till December 2 after a dividend is declared on March 2, and the NAV of the scheme does not go above Rs 30, the investor can redeem the units and book the difference in amount as short-term capital loss.

Distributors have got in a lot of investors into balanced mutual fund schemes over the past one-and-a-half year, with many such schemes paying monthly and quarterly dividends.

Funds such as HDFC Prudence, ICICI Balanced, UTI Balanced, L&T Prudence, Kotak Balance, Tata Balanced, DSP BlackRock Balanced are some schemes that have been paying monthly dividend, while HDFC Balanced, Birla Balance and SBI Balanced have been paying dividend quarterly.

This has drawn money from investors looking to earn tax-free dividend and wanting regular cash flows. Among equity funds, Reliance Top 200, L&T Special Situation, ICICI Prudential Dynamic Plan and BNP Paribas Dividend Yield Fund have been paying a monthly dividend to investors.

THE BIG PICTURE

Long-Term Capital Gains Tax: Here's All You Need to Know

WHAT IS LONG-TERM CAPITAL GAINS TAX?
It is the tax paid on profit generated by an asset such as real estate, shares or share-oriented products held for a particular time-frame. The definition of Long-term Capital Gains, or LTCG, is different for various products.

WHY IS LTCG TAX IN THE NEWS NOW?
Finance Minister Arun Jaitley, in his Union Budget speech, re-introduced LTCG tax on stocks. Investors will have to pay 10% tax on profit exceeding ₹1 lakh made from the sale of shares or equity mutual fund schemes held for over one year. Till now, LTCG was exempt from tax. The definition of a long-term investor in stocks for tax purposes is one year. LTCG tax on stocks was scrapped in 2004-05 by then finance minister P Chidambaram.

THE BUDGET TALKS ABOUT 'GRANDFATHERING' IN LTCG. WHAT IS THAT?

The 'grandfathering' clause is the exemption granted to existing investors or gains made by them before the new tax law comes into force. Whenever the government introduces a stricter tax law, it has to ensure that investors who have committed money keeping in mind the easier tax regime are protected. In the matter of LTCG tax on shares, the government said gains from shares or equity mutual funds made till January 31, will be grandfathered - or exempted. There will be no LTCG tax on notional profit in shares till then.

SO, WHO WILL COME UNDER THE NEW LTCG TAX NET?

The Budget proposes that LTCG tax will have to be paid on profit booked after March 31. "This means that for sale of shares made till March, the existing law will apply and this tax will not be applicable," said Gautam Mehra, leader - India Tax and Regulatory, PwC. In short, if you sell before March 31 a stock that has been held for more than a year, you do not pay tax. So, for tax purposes, there should not be any motivation for investors to sell in February and March. However, if you sell it on or after April 1, LTCG tax will apply on the gains made.

Also, this tax is applicable only if LTCG is above ₹1 lakh in a financial year. So, if an investor made long-term gains of ₹1,50,000 in a year, LTCG tax is applicable only for ₹50,000 (₹1,50,000-1,00,000).

HOW WILL LTCG TAX BE CALCULATED SINCE GAINS TILL JANUARY 31 HAVE BEEN GRANDFATHERED?

If an investor sells stock or equity mutual fund held for over a year after April 1, LTCG tax will be calculated on the basis of the acquisition price or closing price on January 31, whichever is higher. Take the example of a stock purchased on January 15, 2017, for ₹100, which closed at ₹200 on January 31, 2018. If sold after March 31, LTCG tax will be calculated based on the closing price of January 31, which is higher.

—Nishanth Vasudevan

PwC's Gautam Mehra speaks to ET on the applicability of LTCG tax in various scenarios.

SCENARIO 1
Stock bought on January 15, 2017: ₹100
Closing Price on January 31, 2018: ₹200
Price on April 01, 2018: ₹250
LTCG: ₹50

SCENARIO 2
Stock bought on January 15, 2017: ₹100
Closing Price on January 31, 2018: ₹50
Price on April 01, 2018: ₹150
LTCG: ₹50

SCENARIO 3
Stock bought on January 15, 2017: ₹200
Closing Price on January 31, 2018: ₹100
Price on April 01, 2018: ₹200
LTCG: Nil

SCENARIO 4
Stock bought on January 15, 2017: ₹100
Closing Price on January 31, 2018: ₹200
Price on April 01, 2018: ₹150
LTCG: Nil (Loss: ₹50)

SCENARIO 5
Stock bought on January 15, 2017: ₹200
Closing Price on January 31, 2018: ₹100
Price on April 01, 2018: ₹50
LTCG: Nil (Loss: ₹150)

SCENARIO 6
Stock bought on January 15, 2017: ₹200
Closing Price on January 31, 2018: ₹200
Price on April 01, 2018: ₹150
LTCG: Nil

Grandfathering Fears Shake Up FPIs

I-T Act amendment had them worried till govt clarified the provision applies to all investors

Sachin.Dave@timesgroup.com

Mumbai: Finance Secretary Hasmukh Adhia on Friday said that the 'grandfathering' provision for long-term capital gains tax is equally applicable to foreign portfolio investors (FPIs) after some experts expressed concern over the wording of the amendment in the Finance Bill.

The Income-Tax Department also tweeted that 'grandfathering' will be applicable to FPIs.

The fear was that due to the way the amendment was made in the Income-Tax Act, it could mean

that FPIs may have been excluded from 'grandfathering' long-term capital gains tax. "As far as 'grandfathering' and the limit for levy of tax (LTCG) is concerned, it applies to both residents and non-resident investors," Adhia said.

Before the clarification, tax experts were of the opinion that the Income-Tax Act amendment allowing LTCG tax to be imposed at 10% appeared to leave out FPIs from the 'grandfathering' benefit. This would have meant that foreign investors would have had to pay tax on gains exceeding Rs 1 lakh in a financial year from the sale of shares and equity mutual funds. Other classes of investors are exempt from the levy for such gains made up to January 31.

Earlier on Friday, foreign investors went into a huddle with tax experts amid concerns that they may not get the benefit of 'grandfathering'—or exemption from—of the



LTCG tax proposed in the Budget. Tax advisors of FPIs rushed to New Delhi to meet senior tax officials and get clarity on the matter. Some experts said the exclusion of FPIs from the 'grandfathering' benefit may not have

been intentional.

Industry experts said they expect the government to issue a clarification in the coming days. Many FPIs will now have to shell out 10% LTCG tax on their investments unless they move their base to the Netherlands or France to take advantage of tax arbitrage.

Tax-treaty shopping, a practice where foreign investors shift to a country to obtain the benefit of lower or no tax, is set to return to the Indian capital markets following the introduction of LTCG tax, ET reported on Thursday.

While India's tax treaties with Mauritius, Singapore and Mauritius have been amended to make investors liable to pay tax on their gains, such agreements with the Netherlands and France have not been similarly revised. Many FPIs may now consider setting up a pooling or investment vehicle in the Netherlands or France to obtain the tax advantage.

'Exemption to Boost Equity Investments'

►► From Page 1

Thus far, shares and mutual funds held for more than 12 months had been exempted from capital gains tax while 15% tax was levied on gains made in less than 12 months. In the case of other assets, the short-term rate is the maximum marginal rate of the tax payer and the holding period is 24 or 36 months. LTCG tax in this case is 20% with an inflation-adjustment benefit.

The economic circumstances in the country were very different when LTCG tax on stocks was removed, Adhia said. That was when the Mauritius and Singapore investment route was a concern.

While domestic investors had to pay capital gains tax, those coming via the above route didn't have to pay the levy. The LTCG exemption created a level-playing field, besides which the government genuinely wanted to encourage investments in equity markets.

"Now, Mauritius-Singapore routes are already plugged. Investments by DIIs (domestic institutional investors) and domestic investors is more than FPIs (foreign institutional in-

vestors)," Adhia added.

Of the ₹3.67 lakh crore of long-term capital gains reported, most of it was by corporates, limited liability partnerships and trusts, Adhia said.

"So, it is not that individuals were gaining from it. It is largely corporates and large investors. Instead of investing in manufacturing, there was an encouragement to invest directly in markets," he said. "Also, why should we encourage one class of investment over another? Capital gains on equities were kept out of tax net while those on other assets were taxable."

The government expects the tax to raise ₹20,000 crore.

CONTINUING WITH STT

On the issue of continuing with the securities transactions tax (STT) even after the capital gains tax regime had been reinstated, Adhia pointed out that equities still enjoyed some preference.

"When STT was introduced in the place of LTCG, there was no concessional regime in LTCG. There was full LTCG applicable," he said.

If immovable property is sold within two years, then tax on any capital gains could be as

high as 30%, the maximum marginal rate. In the case of shares, the short-term rate is 15%. In the case of other asset classes, if sold after two years, the tax rate is 20% against 10% in the case of equities.

"Amount which we are collecting is very small sans any additional compliance burden. It is simply deducted by stock exchanges and paid to us," he said.

If the regime is equalised, then there may be no rationale for STT.

"Yes, then there will be no case," he said.

"The moment we equalise the long-term and short-term treatment for all asset classes, then there will be no case. We should attempt in that direction so that your investment becomes tax neutral, your choice of investment becomes tax neutral."

On the issue of tax exemption being still available via treaties with France and the Netherlands, Adhia said they were not as comprehensive.

"These are not like the Mauritius tax treaty where there was no tax whether you transfer ₹1 share or ₹100 crore share. There have been reasonable restrictions. We are working with them for revamp," he said.

Queries may be Benign in Nature

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Some tax experts are of the view that losses or gains from cryptocurrencies can be set off against returns from other speculative assets. Plus, the queries may be more benign in nature at this stage.

"The tax authorities are well within their rights to verify the transactions and question the source," said Zulfikar Memon, managing partner at MZM Legal. "However, at this stage, they may just want to verify the KYC (know your customer) documents which were produced at the time of opening the account with the exchange and discover the source of income."

While investors may not be at immediate risk, experts said some cryptocurrency exchanges may be headed for a shutdown.

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Finance minister Arun Jaitley on Thursday said long-term capital gains of over Rs 1 lakh will be taxed at 10% without benefit of indexation. In his last full Budget before next year's general election, Jaitley stepped up government spending in rural areas while the fiscal deficit target for FY19 was pegged at 3.3% of GDP against an earlier target of 3%.

Additional Drag on Companies

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Several foreign companies have abandoned plans to set up shop in India due to this clause.

The increase in customs duty could be an additional drag on consumer product companies already hit by sluggish demand, given that prices will now rise further.

Shoppers Stop's managing director Govind Shrikhande said that the move to increase import duties to 20% from 10% on cosmetics, watches, sunglasses, and gems and jewellery will lead to an increase in prices by up to 15%. Shoppers Stop sells global labels including Bobbi Brown, MAC and Estee Lauder.

"The pricing of high-end cosmetic space is very high (already)," said J Suresh, CEO, Arvind Lifestyle Brands, which works with labels like Ed Hardy, US Polo Association and Nautica among others.

"So, we can easily pass on to the consumer and it can be about 5% hike kind of thing."

Puma India sources more than a third of the products it sells in India from local suppliers. However, Abhishek Ganguly, India MD of the German sportswear firm, said it's difficult to find the right kind of machinery and factories for manufacturing high-tech products like football shoes, running, fitness and training shoes, which must be imported.

"Whatever we can make in India, December rose 5.21% and was at a 17-month high.

Market experts said the future direction will be determined by global volatility. Bond markets in the US and Europe have come under pressure in 2018 amid concerns that central banks will start unwinding their monetary stimulus at a faster pace because of economic revival. The 10-year US treasury yield has climbed to the highest since April 2014.

Worries about rising bond yields in the US impacted sentiment in Asia and Europe.

Guest Column



G SRINIVASAN

The budget presentation by Finance Minister Arun Jaitley was widely in line with the expectations that he would tackle rural distress head on. On that count, the Budget is indeed the much-needed fillip for the flagging rural economy, targeting doubling of farmer income by 2022.

Initiatives such as increasing the minimum support price of all crops to at least 1.5 times the production cost, setting up a corpus of ₹2,000 crore for developing agricultural markets, raising institutional credit for agriculture to ₹11 trillion for 2018-19 and connecting 470 APMCs to the eNAM network will increase the income of our vast agricultural base and stir growth in 'Bharat'. Additionally, budgetary allocations towards rural infrastructure, including the building of roads, houses and toilets, apart from further electrification of villages, are steps taken towards bridging the gap between urban and rural India.

The approval of the Bharatmala Pariyojana to provide connectivity to interior and backward areas and borders of the country by developing about 35,000 km of road is positive for the insurance sector, given the opportunity to insure projects worth ₹5,35,000 crore. Other steps aimed at rural inclusivity like expanding air connectivity to previously unserved airports and helipads and expanding infrastructure will enable more Indians to travel—also an opportunity for insurance.

From a sector perspective, this is a landmark budget. The announcement to launch the National Health Protection Scheme, the world's largest government-funded health care programme, is a bold and ambitious move.

Secondly, the extension of the Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) and Pradhan Mantri Suraksha Bima Yojana (PMSBY) to cover all poor households will bring the securi-



A BOLD MOVE

The announcement to launch the National Health Protection Scheme, the world's largest government-funded health care programme, is a bold and ambitious move

for life insurance and 0.77% for non-life insurance for 2016, according to regulator Insurance Regulatory and Development Authority of India, and these measures will help move the needle on penetration.

Finally, the decision to increase 80D exemption limit for health insurance and/or medical expenditure from ₹30,000 to ₹50,000 will not just benefit senior citizens, but will also help in the crusade to increase health insurance penetration.

(The author is CMD, New India Assurance)

Clarification

With reference to the Sensex analysis published on pages 22 and 23 in ET's February 2 edition, ICICI Securities has issued the following disclaimer about ONGC: "ICICI Securities has received an investment banking mandate from Government of India for disinvestment in ONGC. This report is prepared based on publicly available information."



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Bid submission closing date	20.03.2018 at 3:00 PM
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CHANGE OF NAME

I, Dinesh Kumar Raghav S/o Veer Singh Raghav R/o #368 Gram: Bhondsi, Tehsil: Sohna, District: Gurgaon, State: Haryana, 122102, have changed my minor daughter's name from Manshvi Raghav to Manasvi Raghav for all purposes.

I, Raksha or Raksha Kaushik DOB 23-8-1986 D/o Shri Bhagwan Dutt Kaushik R/o Plot No.46-A, Prem Nagar, Purani Chungi, Ajmer Road,Jaipur Rajasthan-302019 after marriage have changed my name to Raksha W/o Mr Yogesh Kumar R/o Nangal Choudhary,Dist. Mohendergarh Haryana, vide Affidavit no.1261 dated 23-01-2018.

I, Artee D/ O Trilok Singh born on 25/12/1982 residing at C 385 Albert Square Gole Market New Delhi have changed my name to Aarti Negi

I, Anil Mahajan S/o Sanjhi Lal Gupta R/o T-13/15 , DLF Ph-3 Gurgaon confirms that Anil Kumar Gupta, Anil Gupta and Anil Mahajan are one & same person. In my wife passport it is written as Anil Gupta & in son passport it is written as Anil Kumar Gupta. I shall be known as Anil Mahajan for all future purposes.

I, Aishwarya Upadhyay D/O Anil Kumar Upadhyay born on 01/01/1996.residing at A-49,Second Floor,7- Raj Narain Marg,Civil Lines,Delhi-110054 have changed my name to Anahita Narain Upadhyay vide affidavit dated 01/02/2018 at Delhi

I, R.K. Venkatesh S/o Rama Krishnan R/o BG-5 A/25D, Top Floor, Paschim Vihar, Delhi-63 have changed my name to Rama Krishnan Venkatesh S/o Sathanarayanan Rama Krishnan for all purposes.

I, Sumit S/o Sh. Mahesh Kumar Ahuja R/o H.No.1K/34A, NIT Faridabad have changed my name to Sumit Ahuja.

I, Sathanarayanan Rama Krishnan R/o BG-5 A/25D,top floor Paschim Vihar,Delhi-63 informed that my father's name has been wrongly mentioned as N Sath-yanarayanan in my documents instead of Natesan Sathanarayanan. Correet name of my father is Natesan Sathanarayanan for all purposes.

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Infra Investment Will Grow 20-25% Next Year: DEA Secy

SUBHASH CHANDRA GARG

SECY IN DEPARTMENT OF ECONOMIC AFFAIRS

Formulation of a gold policy, tweaking outbound investment rules and a new regime for hybrid instruments in the Budget. Subhash Chandra Garg, Secretary in the Department of Economic Affairs, talks about these initiatives. Edited excerpts from an interview with ET's Deepshikha Sikarwar and Vinay Pandey:

Bond yields have shot up on worries that MSP is not provided for and funding of healthcare plan is not clear. So, while fiscal deficit is budgeted lower, there are risks. Plus there is risk of inflationary impact...
Fiscal deficit, number one, is going down – not rising. We are at 3.5% this year and we will go down to 3.3% next year. I don't think the MSP thing is too big a fiscal burden. I can't put a number right now because it depends when you do it, how it turns out at that stage and also how you actually make sure that those MSP prices are delivered – that part is still to be fully institutionalised. But let me assure you, that's not such a heavy amount that would have a very large inflationary impact.

A big thrust was capital spending. We have seen this fall last year and budgeted lower
The larger public investment is not being compromised at all. Infrastructure investment will grow 20-25% next year, which is a very large number. From the budget, the capital expenditure is somewhat going down. It's being made up by the public sector investment, which has grown and next year is also going up sharply. Secondly, some of the off-budget vehicles in the rural and agricultural space are providing funds. We have proposed to develop IIFCL also as an instrument for funding some socially desirable but financially not-so-viable projects. So, all together, investment in capital infrastructure is going to go up quite a lot.

There has been across-the-board increase in customs duty. Also does protectionism boost domestic manufacturing?
These duties have not been raised to levels where somebody can accuse India of protectionism. My understanding is this is giving a message to those exporting from elsewhere to India to meet India's domestic demand that it is better to produce it here rather than export from somewhere else. Small tweaking has been done,



some of the inversions have been removed. It should encourage 'Make in India' by those exporters, rather than shut it out for them and encouraging the domestic production of those things.

There is something on hybrid instruments as well. Are we looking at the idea afresh?
Many sectors now are emerging which think that this is the best instrument – startups, venture capital funds, alternative investment funds. We are going to give a very fresh look and see whether these instruments targeted for certain kinds of investors or certain kinds of corporates can be brought in and institutionalised. That might require a separate policy.

Review of gold policy?
Gold as an asset class is still not very well developed. We have investments in gold, but that is not financialised. Most sale-purchase is in gold jewellery and coins. You don't have exchanges where these things can be traded easily. Our monetisation scheme is also riddled with lot of imperfections and difficulties. It should ideally be a very simple gold account kind of scheme. It's possible if you can mirror gold's attributes in the form of a financial product, which is as good in people's perception, which is equal to what gold is, we can have a good asset class. Possibly, the need for imports will come down.

There is a mention of a new overseas direct investment policy.
We have an ODI policy that is a standard policy applicable everywhere. A certain kind of limit has been specified, depending on specific parameters. We now need to nuance our export of foreign direct investment taking care where the opportunities exist. You can tweak the limits of investment based on certain preferred sectors of investments, geographies. Wherever we see strengths and wherever we see opportunities, we can have a regime which provides better opportunities and better limits to the investors going from here. For example, in Africa, if you want to make more investment in agriculture or you want to make more investment in infrastructure. We should not constrain our investors from making investments there – can we make a more customised overseas investment policy?

India Will Have to Renegotiate Treaties to Tax Digital Incomes

India will amend tax treaties to bring a provision on taxing 'significant economic presence', said finance secretary Hasmukh Adhia while making it clear that the Budget 2018-19 only introduces an enabling provision. Adhia spoke to ET's Deepshikha Sikarwar and Vinay Pandey on wide-ranging issues emerging out of the budget. Edited excerpts...

You have imposed a new surcharge and raised BCD on many goods...
We used to get ₹2.5 lakh crore from basic customs duty (BCD), countervailing duty (CVD) and Special Additional Duty (SAD) and there was a 3% cess on this. With the rollout of Goods & Services Tax (GST), CVD and SAD were abolished and have been substituted by IGST. We can't impose any cess on IGST. We used to collect about ₹7,500 crore from this cess. To protect our income from imported goods, we are now shifting entirely to customs duty, which is only one-third of the kitty. On the customs kitty of ₹70,000-80,000 crore, if we levy 10% surcharge, then our income of ₹7,000 crore from cess is maintained. The overall burden due to the surcharge is the same as what was borne by imported goods prior to the rollout of GST. India has been working for some time on the policy of promoting electronic goods production in the country. If you had seen three years ago, the largest single item of import was electronic goods after petroleum and gold, fuelling current account deficit. Over a period, we have adopted a



HASMUKH ADHIA
FINANCE SECRETARY

phased manufacturing plan for electronic goods because of which we have got good results. Manufacturing capacity is being created for electronic goods, so we have raised these duties to further encourage this. Other items where duties have been raised are kites, toys, furniture items of consumption that are manufactured by MSMEs. Our MSMEs have been hit due to inflow of imports of these items from one particular country at much cheaper rates. So, our MSMEs are struggling to stay in competition. This measure will help them to some extent.

But a number of these items come through the Free Trade Agreement route...
We checked this while deciding on the duty rates. We looked into what is the total import and what is coming through FTA. Goods coming under the FTA countries have to strictly follow the rules of origin. We will prevent third-country goods from coming through the FTA route. Simultaneously, the commerce and industry ministry is working on enforcing standards through which we can restrict low-quality goods from entering the country.



ARINDAM

We have examined this. We will fight it out if any country says these goods are under ITA as when the agreement was signed there were no smartphones, there were only featurephones. (ITA is a global agreement that mandates zero customs duty on certain electronic items and India is a signatory to the agreement). Smartphones do not fall in that category. This is the view we have taken, and we will fight it out if we have to.

Experts say you have sought to tax companies such as Google and Facebook through a provision on significant economic presence...
In the finance bill, under Section 9, we have an enabling clause for taxing significant economic presence. This has emerged out of BEPS recommendations. BEPS recommendation says that we should go in the direction of ascertaining the share of revenue of a multinational which it earns from another country without any permanent establishment. It is digital income they are earning from other countries. Everyone's worry is that in the digital world, you do not need to have a physical presence, but you can earn lot of revenues due to digital presence. We will have to renegotiate each and every tax treaty because this provision is not there in the existing ones. The existing treaty only gives you the power to tax if the company is located in India. But, if we have to renegotiate the treaties, the

countries are saying "how can we give you a dispensation that is not there in your domestic law"? So, we had to amend our domestic law which we have done this year. It is not going to come into effect immediately. We will start renegotiating treaties with every country now.

Significant economic presence means?
Significant economic presence is yet to be defined. We can decide the criterion either based on number of shares of consumers, or share of revenues. That is not fixed in the law. This law is only enabling. It can be defined in rules.

Definition of dependent agent has changed
There is a drafting change in the law. This is one of the anti-evasion measures. The provision said you must be habitually concluding contracts on behalf of his client. Then he only signs on behalf of his client. Over time, we found that the agent is doing everything, but contract signing was happening in Dubai or America. So, now we are changing the definition to say that dependent agent is one who has principal role leading to conclusion of the contract. We also have international obligation as this definition is also there in Multilateral Instrument.

You have an enabling provision for expanding e-assessment. How will it work?
We wanted end-to-end e-assessment. We want to make sure there is no face-to-face contact between an assessee and a tax officer. There will be an assessment unit and a separate evaluation unit. Both will have 3-4 officers who will decide whether notice is to be issued or not. There will be time stamp on each interaction from the issue of notice to the reply of an assessee. We have brought in enabling provision to bring e-assessment this budget. Hopefully, CBDT will work it out soon.

around 15 CPSEs have entered the market for raising Rs 3 lakh crore, and traded volume of CPSE bonds in last three years is Rs 7.5 lakh crore. But all CPSEs don't enter bond markets because they cannot calibrate their issuances and their offerings are very small. They have been borrowing from banks at much higher rates than they could have through the bond market. DIPAM, through this proposed ETF, will pool their borrowing requirement and stagger them in months, aggregating their borrowing strength and need. This will be a well-defined product, which will frequently hit the market, create much higher volume and liquidity, and the borrowing rate will also be lower for CPSEs.

How will the funds of funds mentioned in the Budget work out?
The aim through this is to tap around six crore active folios in mutual funds and less than a crore active demat accounts. FOF will invest only in designated ETF products and the unit will be treated as equity. It will be a market maker given the firm coming out with a FOF will have not to bear additional cost such as creating an index or other things involved with it. This is expected to spur more investments based on the strength of our existing ETFs.

Now, Disinvestment is About Value Creation, Growth

NEERAJ KUMAR GUPTA
SECY FOR DEPTT OF INVESTMENT & PUBLIC ASSET MANAGEMENT (DIPAM)

The government has beaten its disinvestment target for the first time ever due to the new approach of treating disinvestment as efficient management of investment, said Neeraj Kumar Gupta, secretary for Department of Investment and Public Asset Management (DIPAM). In an interview to ET's Dheeraj Tiwari, he said that the proposed Debt ETF will help develop corporate debt market and that strategic sale should not be linked only with raising revenue. Edited excerpts:

Given the way the government has exceeded its disinvestment target this year, do you think the target for the next fiscal is modest?
So far we used to have six-seven offers for sale (OFS) in a year for the last five years, with an average realisation of Rs 20,500 crore. In 2016-17, 23 transactions yielding Rs 46,247 crore were done against a



target of Rs 45,500 crore. This year, so far, through 27 transactions we have raised around Rs 92,500 crore. For the first time the target has been revised upwards, this being a major transition year for major reforms such as the GST. The target is a product of budget-making, but there has been a paradigm shift from disinvestment to investment management, which is based on a review at the highest level.

The reasons behind this turnaround?
We have ensured that disinvestment actually is efficient management of investment. So, it was not mere changing


the name of this department but its total functioning and mandate, which is creation of value in enterprises for growth and economic activity. We are insisting on leveraging of net worth optimally and also pushing CPSEs (central public sector enterprises) to go for business expansion including mergers and acquisition. The merger between HPCL-ONGC is creation of enterprise value. We are looking to unlock the value of CPSEs, which is reflected through four IPOs (initial public offerings) done this fiscal after a gap of five years. CPSE index has also performed better than Sensex and Nifty in the last two-three years.

Will you focus on strategic disinvestment as there are 24 firms lined up including Air India?
Strategic disinvestment is not a tool for generating resources – that is only incidental. The idea is that true economic potential of these companies, which have now come of age, should be unlocked with more investment, technology and management, and probably true expansion of their activity can only be exploited through privatisation route. They may


not have the best value right now, but later they may have much higher value, which will get reflected through higher dividends of their growth, which will ultimately come to country. If I am not able to grow them to their true potential it is better if somebody else works it out and brings more wealth to the nation.


How soon should we expect the biggest one in the list, Air India?
Strategic disinvestment has been restarted after a gap of 12 years. It has evolved after learning from experience and events which have taken place since then. Air India is merely indicative and I can say that it is progressing well. Soon there will be a notice inviting the expression of interest (EOI), which will clear the contours of the transaction. All other cases are on track and we have invited EOI for seven firms.

What about the debt ETF...
This is a purely investment management initiative for creating value as the government will not raise any proceeds from this. India's corporate debt market is not very deep but in the last three years



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ASSAM

How to Minimise Cost of Healthcare

Align incentives of payer, provider and patient

The Budget has announced an ambitious, state-funded healthcare scheme that would take care of hospitalisation expenses up to a limit of ₹5 lakh per family for 10 crore families, covering 50 crore Indians, more than half of them above the poverty line. India does need to step up healthcare, on which state funding is an abysmal 1% of GDP at present. However, the Budget did not offer any clarity on how the scheme would be funded or what shape healthcare provision in hospitals would take. Announcing the Ayushman Bharat scheme, the finance minister did not use the term insurance, opting for health protection, instead. It is to be hoped that the government would depart from traditional health insurance, in which the incentives for care providers and insurance companies are all misaligned.

A form of health assurance in which healthcare providers undertake to provide competent care to a defined population entrusted to its charge, for a fee per capita, worked out using the actuarial expertise deployed by insurance companies, would be the ideal way to organise healthcare. In such a scheme, the care provider has no incentive to inflate costs via unnecessary investigations or treatment, which is the bane of the traditional model in which hospitals try to maximise their take from insurance. However, in such a scheme, the care provider does have the incentive to scripp on treatment costs, harming the patient. Good regulation and a competitive market for such healthcare providers would be the way to address this contingency. That assumes the availability of multiple healthcare providers in a restricted geographic area. And the primary care facilities announced by the government, which is conceptually no different from the extant primary health centres, would be the foundation of such a health protection scheme.

It is to be hoped that the government would come out with the outline of a viable health protection scheme sooner rather than later. And, it is to be hoped, it would be more than mere expansion of the RSBY, which has become dysfunctional in many parts of the country.

Manage Distribution of Power, Publish Data

All the government's hopes of doubling farmer incomes by 2022 ride on stable power supply in rural areas, whether to run agroprocessing plants or to power climate-controlled storage. True, the government boasts that only 2,000-odd villages remain to be electrified, but the reality is that per-capita power consumption remains pathetic, even as power generation capacity keeps going up. This suggests serious malfunctioning of the mediation of generated power in a sustainable fashion to would-be power consumers. Unless this is addressed, nothing useful can come out of rural electrification statistics.

In its report for December, the power ministry notes that total installed capacity now adds up to over 330 GW. Yet, per-capita consumption remains pegged at a mere 1,075 units, and the latest available figure is for 2015-16! It is less than a third of the average for the emerging markets and one-tenth of that for high-income economies. It is true that direct sunlight takes care of a whole lot of energy needs in a country like India. But it cannot be gainsaid that the low power consumption systematically stultifies economic activity in the hinterland. The facts suggest that the quality of power supply remains quite appalling across the length and breadth of the country, due to runaway populism, reckless giveaways, and plain theft of power, thanks to political patronage. This must come to an end.

The powers that be surely need to closely monitor and widely publicise the quality of supply. The utilities must publish quarterly results. The Economic Survey and the Mid-Year Review must contain the latest details. The subventions for offtake of power need to be budgeted and transparently provided. Data is supposed to be the new oil, but bereft of power, rural India would simply languish.

 Bird-brained schemes to get rid of pests fail to lay eggs

Oh, Rats! Now That's Called a Fowl Idea

Those who feel that birth control is for the birds might seek endorsement for their views in the report that the authorities in Adelaide, Australia, are planning to administer contraceptive pills to the local pigeons in an effort to curb their growing numbers that are posing a hygiene hazard. Apparently, all the methods hitherto tried — including the use of tranquillisers and decoy predators — to bust the pigeon boom have laid an egg. True to Pacific type, the pigeons soon got accustomed to the dummy aggressors and began to “adopt them as friends”. A trap containing live decoy pigeons also proved a failure; none of the birds for which it was intended entered the pen that was broken into by the town hall cat who ate up the decoys.

Such direct action methods might seem to some to be out of place in a democracy, where the government can be called to account for the fall of a sparrow, or a pigeon. While the Adelaide plan might appear to be even more far-fetched than the conventional advice that the best way to catch a bird is to put salt on its tail, it could be recalled that not long ago, a proposal was made to combat New York City's rat menace by feeding the rodents on a drug that would “confuse their sexual identity” and, thus, phase them out of existence. Smelling a rat, critics gave the bird to the suggestion — a fate that could await Adelaide's feather-brained schemes to clip the wings of Cupid.

By-poll results may make the BJP reconsider calling for state and national elections together

Budgeting for Rajasthan



Neeraj Chowdhury

The BJP's poll plan for 2019 unfolded as finance minister Arun Jaitley read through his rather colourless but politically focused, 110-minute-long Budget speech. The party is once again targeting the 'poor' as its main catchment area, as it did before the Uttar Pradesh elections last year with its demonetisation card, sending the clear signal then that Prime Minister Narendra Modi was hurting the rich to do something big for the poor.

It paid rich dividends in UP. So, also on February 1, 2018, through the budgetary exercise, GoI made its preference for the 'poor', the 'small' and the 'rural' amply clear. Ever since he came to power, Modi has spoken of the poor in every speech he has delivered. It has been an attempt to capture a constituency that once belonged to the Congress. Which is why on the economic side of things, many see him as a 'socialist', but politically as a 'rightist'.

Jaitley's announcement of 'Modicare', billed as the largest-ever health scheme in the world, will touch the lives of 500 million people in one sweep — once operational. Upping the minimum support price (MSP) for increasingly restive farmers all over the country — farmers' distress increasingly emerging as a poll issue in state after state, with farmers in Saurashtra already having sent the

BJP a very clear message in last year's Gujarat elections — will affect 50% of the population still employed in the agriculture sector, and living in India's villages.

As with demonetisation and GST, the BJP has calculated that like Gujarat's unhappy traders — who, in the final analysis, hesitated to swerve to the 'other side', the middle class, for whom there were hardly any sops in the Budget, won't grumble enough to abandon the party since there is 'no alternative' to Modi at the national level.

As the implications of Jaitley's Budget provisions began to sink in, so did the results of the bypolls in Rajasthan, which were filtering at the same time. The ruling BJP had been harbouring a sense that it might lose Alwar and Ajmer in the Lok Sabha by-elections. But the huge margins by which the Congress won, cutting across the caste and rural-urban divide, has taken the BJP brass by surprise. It may compel the party to rethink its 2019 poll strategy.

Hindi Heartland

The Budgetary provisions gave an indication that GoI was keeping the option of early Lok Sabha elections open, to advance them by 3-4 months so as to hold them along with assembly polls in the 'Hindi heartland' states in November-December this year. The idea is to have Modi's personal popularity offset some of the anti-incumbency that has set in in Rajasthan, Madhya Pradesh and Chhattisgarh.

If the Lok Sabha elections are held on schedule after polls in these states, and the BJP loses all or some of them, it would decelerate the tempo the party is trying to build for 2019.

Modi managed to fight back anti-incumbency in Gujarat with a fierce,

PM Modi managed to fight back anti-incumbency in Gujarat. But Gujarat was his home state. Rajasthan, Madhya Pradesh and Chhattisgarh are not

BUDGET 2018

Road Cleared for the Ride Ahead



Gopichand Hinduja

The last full-fledged Budget of the current government is bold, innovative and path-breaking. The fiscal slippage should not be viewed negatively. It is due to temporary disruptions caused by structural reforms implemented by GoI in the form of demonetisation and the rollout of the goods and services tax (GST).

These reforms have improved the desired financialisation of the economy and enlarged the base of taxpayers. With the dissipation of disruptions, tax buoyancy is expected and GoI is well-poised to collect the targeted revenue to meet India's developmental needs. With expected stability in income, the glide path of the fiscal consolidation will be adhered to.

On agriculture, the emphasis has been on generating higher income for farmers with increasing the Minimum Support Price (MSP) to at least

1.5 times of the production cost. The steps proposed for developing agricultural markets and connecting all Agricultural Produce Market Committees (APMCs) to the e-National Agriculture Market (eNAM) network by March 31 will enable farmers to realise higher prices.

The launch of the National Health Protection Scheme to cover 10 crore poor and vulnerable families, and providing ₹5 lakh per family will provide the template for other countries to undertake similar schemes. GoI is progressing steadily towards universal health coverage. The establishment of one government medical college for every three parliamentary constituencies is also welcome.

The huge allocation of funds for infrastructure, like national highways, smart cities, regional air connectivity, tourist sites and railways will generate employment and demand for manufactured products, such as cement and steel. External funding through organisations like the National Investment and Infrastructure Fund (NIIF) and Infrastructure Investment Trusts (InvITs) will be facilitated.

The establishment of a dedicated Affordable Housing Fund (AHF) in the National Housing Bank, funded



Fruitful 'Vertumnus', Giuseppe Arcimboldo, 1590-91

from priority-sector lending shortfall and fully serviced bonds authorised by GoI, will give a fillip to affordable housing construction, enhancing demand for goods and services and generating employment.

The International Financial Service Centre (IFSC) at Gujarat International Finance Tec-City (GIFT City), which has become operational, needs an integrated regulatory framework to fully develop and to compete with other offshore financial centres. GoI will establish a unified authority for regulating all financial services in

IFSCs in India. Non-resident Indians should be allowed to route their investments into India through the IFSCs, and such investments should be treated on par with resident investments.

The connecting of gram panchayats through high-speed optical fibre network is made possible by the completion of the BharatNet project. The Budget provides ₹10,000 crore in 2018-19 for creation and augmentation of telecom infrastructure.

The long-term capital gains (LTCG) tax in equities was abolished a few years ago to encourage retail investors. Its reintroduction for gains in equities exceeding ₹1 lakh should not make household savings move away from the equity market, which is booming in India and abroad. Now, India is the only country to have all three taxes: LTCG tax, securities transaction tax (STT) and dividend distribution tax (DDT). GoI should consider restoring status quo.

Overall, the Budget, with its emphasis on the amelioration of the poor and structural reforms, is expected to give the right direction to the all-inclusive growth of Indian economy.

The writer is co-chairman, Hinduja Group

LONG-TERM CAPITAL GAINS TAX

Loosen a Bugbear in the Market



Dinesh Kanabar

So, after a 'will he, won't he' debate that lasted a few weeks, on Thursday, finance minister Arun Jaitley took the step of imposing tax on long-term capital gains (LTCG) at the rate of 10% — plus surcharge and cess, of course. The immediate reaction of the stock market didn't seem like a shock, even though the Sensex was down by 839 points on Friday.

Jaitley has budgeted a collection of LTCG at ₹20,000 crore. This signals that he expects at least ₹2 lakh crore of realised LTCG next year. Which, in turn, means an even larger pool of unrealised gains. He is, indeed, forecasting a huge bull market. The fact that securities transaction tax (STT) will continue to apply has been justified on the basis that it has far short-term gains too.

Jaitley has lived up to his commitment of not levying taxes retrospectively and has exempted gains up to January 31, 2018, from the levy of taxes. That is a big positive and has prevented a potential sell-off in the markets. However, a few things need to be considered.

First, there is no levy of taxes on gains arising from sales up to March

31, 2018. It is only gains on sales post-April 1 that are subject to taxes. As such, if there are long-term gains earned during February and March 2018, and shares are intended to be held for the future, tax at 10% will have to be paid on the gains made in February-March 2018. This may lead to a potential sale and repurchase in March so that the gains of these two months are protected from tax levy.

Promoters selling shares in an initial public offering (IPO) will be affected. They would not have paid STT on their shareholding, as a result of which the shares would not have been listed as on January 31, which, in turn, would mean them ending up paying a 10% tax when the

shares are offloaded in an IPO. There is a specific power granted to GoI to notify situations where STT need not have been paid to qualify for exemption. Hopefully, promoter offloading shares in an IPO will be duly notified.

Even if such a notification is issued, however, there will be an issue on computation of gains since the shares were not listed and it is only the cost of the shares that will be treated as a cost. The same position will apply to offer for sale of shares by private equity investors.

There seems to be a drafting anomaly on the applicability of the provisions to the gains made by foreign institutional investors (FIIs). The specific amendment to the section applicable to the FIIs (Section 115AD), as it is currently worded, could lead to the interpretation that the grandfathering does not apply to them. One hopes that this apparent drafting anomaly will be corrected when the Finance Bill is passed.

Yet another situation arises in the case of mergers and restructuring. If a shareholder holds shares of a listed entity that is merged into another listed entity after April 1, 2018, it would be impossible to take the market value of shares at the time of sale. This is because on February 1, 2018, the shareholder would have held shares of the merging entity, while the sale would be of shares of the merged entity. Similar situations would arise in restructur-

Grin and bear it

FILE PHOTO



Of Human Thought

ANIL K RAJ/VANSHI

The brain is not only a receiver, it is also a transmitter of thought packets. With practice of samyama or yoga, we can tune our brains to receive knowledge and thought packets at will and to send them to others. This sending and receiving of thought packets is governed by the strength of concentration.

Patanjali says that once the mind is completely calmed, that is, devoid of any thought waves, then it becomes like pure crystal that takes on the colour from the object that is nearest to it. Thought packets are a major external input and can make the mind work in a certain manner. To avoid getting perturbed by external thoughts, we need a mechanism to stop them.

Thinking deeply helps in occupying the brain and is like creating a shield for the mind so that it is not affected by external thoughts. This is also the genesis of Karma Yoga where one keeps on doing work without any desire for reward. This helps the mind to focus fully on the work and there is little opportunity for it to be perturbed by any other external influence.

This externality of thought is the genesis of human bonding. The people with whom we have close emotional bonds send their thought packets more frequently. Somehow, our brain develops neural pathways that are more conducive to getting these thought packets easily. It develops a mechanism by which it immediately recognises their thought signatures. These packets then make us act in a certain way and are the cause of karma or the human web of love.

Citings

Managing Profitability

TIM KOLLER

Ask CEOs if the ability to increase profit margins year after year would help their companies compete more successfully against peers, and you're likely to hear a resounding yes.... At some point, cost-cutting can be counterproductive, starving a company of new sources of growth and undermining performance over the long term.

Managers at one consumer-packaged-goods company, for example, increased its profits at double-digit rates for seven years by emphasising margin growth — even though revenues grew at only 2% a year over that period. Eventually, the company began slicing into activities that benefited its customers and brands.

Performance slumped so badly that managers were compelled to acknowledge, in the annual report, that they had underinvested in product development and marketing — and then had to spend considerably more on those functions to reset the business. Indiscriminate margin-boosting price increases can also be counterproductive.

Savvy readers will recognise the scenario at one large North American company where executives asked few questions of a business unit that regularly hit its earnings targets — until its performance faltered. They later learnt that the unit produced strong profit growth largely by increasing prices. That allowed competitors to step in with similar but less expensive products, cutting into the unit's share.

From "How to Know When Better Profit Margins Aren't Better for Your Company"

Chat Room

Max Budget, Max Benefit

Budget 2018 had to be presented against a background of rising expectations ('FM Prescribes Modicare for Bharat', Feb 2). The finance minister has taken a calculated step aimed at delivering a bouquet of benefits to maximum number of beneficiaries. Articulating its vision for the 2019 elections, the government has recognised the existence of rural distress, amplified by a string of farmer protests and suicides last year. The most significant steps are the plans for 150,000 health centres and annual health insurance of ₹5 lakh per family for the most vulnerable families. The sore point: no respite for the middle-class salaried individual.

JSACHARYA

Hyderabad

The writer is CEO, Dhruva Advisors

QUICK HITS

19 Banks in China Fined over \$3b Pledged Loan Fraud

Beijing: China's banking regulator has imposed fines of 52.5 million yuan (\$8.36 million) on 19 banks in the northwestern province of Shaanxi and the central province of Henan over a 19-billion-yuan (\$3 billion) pledged loan fraud, it said on Friday. Criminals illegally pledged gold of low purity to obtain loans from banks, including branches of large state lenders Industrial and Commercial Bank of China and Postal Savings Bank of China, the regulator said. The findings highlight the lack of internal controls and poor management of loans and collateral at the banks involved, the China Banking Regulatory Commission (CBRC) said in an online statement. "The banks were overly obsessed with pursuing the scale and speed of business development, without knowing their customers," it added. **Reuters**

Cleared Nasheed Vows to Challenge Maldives President in Polls

Colombo: The exiled former leader of the Maldives vowed Friday to run for president after the Supreme Court quashed his conviction, dealing a major blow to the ruling regime. Mohamed Nasheed, the country's first democratically elected president, has urged the government to respect the top court's shock decision to overturn the convictions of nine dissidents and order the release of those serving jail sentences. On Friday, he said the ruling cleared the way for him to return to the Maldives, a South Asian atoll nation known as a honeymooners' paradise. "I can contest and will contest," he told AFP in the Sri Lankan capital Colombo. "We must set up proper procedures for inclusive, free and fair elections with full international observation." Nasheed, 50, said the government should withdraw the troops deployed inside the parliament since July last year, when a dozen MPs from President Abdulla Yameen's party defected and attempted to impeach the pro-government speaker. **AFP**

Fidel Castro's Eldest Son Commits Suicide

Cuba: The popular eldest son of the late Cuban President Fidel Castro committed suicide, state media reported. He was 68. "Fidel Castro Diaz-Balart, who had been treated by a group of doctors for several months for deep depression, took his life this morning," Cuba's official newspaper Granma reported. "Fidelito"—as he was known—had initially been hospitalised for his condition and then continued with outpatient follow-ups. Born on September 1, 1949, he was the son from Castro's first marriage to Mirta Diaz-Balart. The younger Castro was very popular in Cuba even though he never held a political position. **AFP**

TIPS, TRIVIA & TRENDS YOUR DAILY DIET OF FUN AND FACTS

Talking Sex Dolls Fill a Void in China



With China facing a massive gender gap and a greying population, a company wants to hook up lonely men and retirees with a new kind of companion: "Smart" sex dolls that can talk, play music and turn on dishwashers. Rows of voluptuous silicon bodies hang in the warehouse of EXDOLL, a firm based in the northeastern port city of Dalian, but engineers are also working on bringing them to life. A programmer in a lab coat asks a petite blonde prototype sitting on a chair and dressed in a see-through white blouse: "What is your name?" "My name is Xiaodie but you can also call me baby. But if I'm not happy I won't answer," the robotic voice says through a speaker, though its lips do not move. Xiaodie is essentially a sex doll fitted with a Wi-Fi function similar to the iPhone's Siri application, which can surf the Internet and respond to voice commands. It can turn home appliances that are connected to the Wi-Fi on and off. Users can control the 25,000 yuan (\$4,000) doll with a phone app or by giving it oral instructions—much pricier than the traditional sex dolls that the company sells for as little as 2,500 yuan. **AFP**

US Airlines Tighten Leash on 'Emotional Support Animals'



Major US airlines are clipping the wings of "emotional support animals" hoping to take flight with their owners over safety concerns, as a would-be peacock passenger created a social media tizzy. United Airlines—which this week turned Dexter the Peacock away over health and safety concerns—announced on Thursday it was reining in regulations on emotional support animals, citing a 75% jump in customers taking creatures on board and a spike in related incidents. United's move follows Delta's decision to implement new documentation requirements for owners hoping to fly with their animals, a new policy it said "comes as a lack of regulation that has led to serious safety risks involving untrained animals in flight." "Ignoring the true intent of existing rules governing the transport of service and support animals can be a disservice to customers who have real and documented needs," Delta said. An American spokeswoman said the airline was reviewing its policy, while vowing to "continue to support the rights of customers, from veterans to people with disabilities, with legitimate needs". **AFP**

After Putin In Bullets, Exiled Ukrainian Artists Coin Trump

They shot to fame in 2015 with a portrait of Vladimir Putin made of bullet shells from the killing fields of eastern Ukraine. Now, the two Ukrainian artists are back with a portrait of Donald Trump made from coins and poker chips. Threats forced Daria Marchenko, 35, and Daniel Green, 34, to leave their homeland in November 2016. They now lead an itinerant life, travelling and exhibiting their work in the US and Latin America. The Trump portrait, finished one month ago, is made of nearly 4,000 one-cent and five-cent pieces. Poker chips are used for the US president's shoulders. The artists are now searching for a place for a public unveiling. As with their "Face of War" portrait of the Russian leader, the Trump version, called "Face of Money" plays in the light revealing different expressions. They came up with the idea of the enormous



portrait—nearly eight foot by five foot—last summer when Putin ordered the United States to reduce its diplomatic footprint in Russia by 755 employees. Trump responded by thanking Putin, saying it would allow the United States to cut down its payroll and "save a lot of money". "I thought, 'oh my God, you are so cheap, how can you be American president?'" said Green. "At that moment, I thought coins is the best way to show his portrait." The duo deliberately chose one-cent and five-cent pieces, the smallest denominations of US currency, to illustrate their point, Green explained. **AFP**

12-Year-Old Girl Booked after Accidental LA School Shooting

Jordan Valenzuela was in class when he heard the bang, and then the screaming. In a classroom next door, a 15-year-old boy had been shot in the head, a 15-year-old girl was shot in the wrist and several others were struck by broken glass. Jordan told AP that his 12-year-old classmate at Salvador B Castro Middle School told him it was an accident. The sobbing girl told him: "I didn't mean to. I had the gun in my backpack and I didn't know it was loaded and my backpack fell and the gun went off," the seventh-grader said. The shooting was reported just before 9am at the school, which has about 365 students in grades 6-8. The girl was taken into custody minutes after the shooting. TV video from helicopters showed a dark-haired girl in a sweatshirt being led from the school in handcuffs as anxious parents and family members gathered on a street corner, many crying and talking on their phones as they waited. Police interviewed the girl and agreed it was an accident. On Thursday evening, long hours after chaos and panic had subsided, the girl was booked into Juvenile Hall on suspicion of negligently discharging a firearm on school grounds. **AP**

Chinese Man Steals and Sells Off Road

An enterprising thief in China has given new meaning to the phrase "highway robbery" by stealing an 800-metre-long stretch of concrete road overnight, a Chinese media report said. Confused locals in the village of Sankeshu in Jiangsu province called police on January 24 to report that the segment of road had mysteriously gone missing, leading some to believe that an unannounced road renovation was underway, the China News Service reported. But police soon discovered that a man surnamed Zhu had hired a digger to rip out the road and trucks to ship the chunks of concrete to a stone materials factory which purchased them, said the report issued late on Thursday. Zhu had been looking for a way to make money and felt that digging up and selling the concrete would be a good "business opportunity", rationalising the move by saying a newly built road nearby had made the dug-up road obsolete. "No one was taking the road. Why don't I dig it up and I can sell the cement pieces for some money," the report quoted him as saying. The 500 tonnes of concrete slabs that Zhu removed were bought by the factory for 5,000 yuan (\$795). **AFP**

Deutsche Bank Blames US Tax Reforms for Loss

Deutsche would have reported €1 billion in profits in 2017 but for November tax changes

Frankfurt: Germany's biggest lender Deutsche Bank said on Friday that Donald Trump's tax reforms in the US pushed it into the red in 2017.

The Frankfurt-based bank said in a statement that its net loss amounted to €512 million (\$640 million) last year, narrower than the loss of €1.4 billion in 2016. Revenues fell to €26.4 billion in 2017 from €30 billion the year before. At a pre-tax level, however, Deutsche Bank was back in the black, notching up a profit of almost €1.3 billion, compared with a loss of €810 million the previous year. "Only a charge related to US tax reform at the end of the year meant that we had to post a full-year after-tax loss," chief executive John Cryan said in a statement.

"We believe we are firmly on the path to producing growth and higher returns with sustained discipline on costs and risks."

Deutsche Bank had hoped to return to profit in 2017 after years in the red due to a deep restructuring programme and fines from a string of different legal cases.

But while the US lowered corporate taxes late last year, the changes nevertheless represented a short-term hit for Deutsche Bank, as the tax breaks it received for its financial difficulties shrank along with the tax rate.

Warning about the effect earlier this month, Deutsche Bank forecast that it would benefit in the longer term, as its average tax rate around the world would fall to 30% from 2018.

SHARES SLUMP

Deutsche Bank shares fell more than 5% to around €14 (\$17.5) at the start of trade on Friday and remained at similar levels around midday GMT, helping pull the overall market down by around 1.3 percent. Deutsche would have reported profits of around €1 billion for the year had the tax changes not landed in November. "Obviously, a profit of €1 billion would not have been a satisfactory result... but it would make it easier to see where we really stand," Cryan told journalists at a later press conference.

The poor performance meant the bank boss spent much of his appearance defending a €1.1-billion bonus package destined largely for investment bankers, calling it an "investment" in retaining top talent. **AFP**

Sony Taps CFO Yoshida as New President

Yuri Kageyama

Tokyo: Sony named chief financial officer Kenichiro Yoshida as its new president and CEO on Friday, replacing Kazuo Hirai, who led a turnaround at the Japanese electronics and entertainment company and will stay on as chairman.

Yoshida has experience in Sony's US operations, as well as its network, financial and investor relations businesses. Yoshida and Hirai shook hands, appearing together before reporters at Sony's Tokyo headquarters.

Hirai stressed Yoshida will continue the path he had set in place. Sony is about to record its best results in two decades this fiscal year. And both said management must not grow complacent. "His way of thinking on what Sony must do is why to mine," Hirai said on why Yoshida was chosen.

Sony's board members said they were surprised Hirai wanted to step down. But Hirai said he decided the timing was right to "pass the baton" to the next leadership, although the choice appeared to indicate the company's determination to stay on track, rather than shift too quickly to a younger generation of leadership. Yoshida, 58, is one year older than Hirai. **AP**



Kenichiro Yoshida

Trump Sends Russia Memo Back to Congress for Release

Washington: President Donald Trump said he had sent back to Congress a Republican memo accusing leadership of the FBI and Justice Department of misconduct, which the House is expected to release later.

"It's been declassified," Trump told reporters in the Oval Office. But Congress will decide what to do with it, he said. "I think it's terrible. I think it's a disgrace," he said of the memo's assertions. "A lot of people should be ashamed of themselves."

Earlier, Trump accused top leaders at the Federal Bureau of Investigation and Justice Department of politicizing investigations. The memo, by House Intelligence Chairman Devin Nunes,



argues the agencies abused their surveillance powers in probing Russia's involvement in the 2016 presidential race.

"The top Leadership and Investigators of the FBI and the Justice Department have politicized the sacred investigative process in

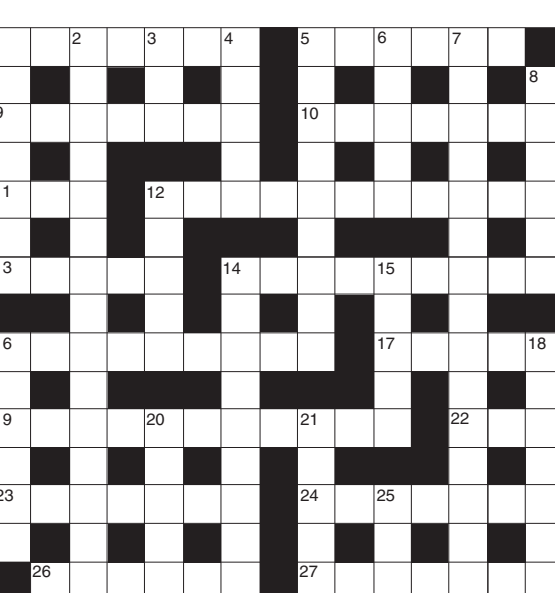
favor of Democrats and against Republicans - something which would have been unthinkable just a short time ago," Trump tweeted. "Rank & File are great people!"

Trump's accusation came after he decided to allow publication of the A classified memo, which Republicans claim describes FBI anti-Trump bias. A White House official said. He planned to send it back to Congress for release to the public by Friday, officials said.

While one of those officials said early that the president had agreed to some redactions requested by the FBI in the document, another official said later that redactions were unlikely. The White House has reviewed the memo to make sure it doesn't reveal too much classified information, that official said. **Bloomberg**

Crossword

7009



- DOWN**
- 1 Stood up to work, then sat (7)
 - 2 Stylish queen's visit is possibly what killed the cat (15)
 - 3 Some advocate tuber grown in Peru (3)
 - 4 The first of three in old bog frequently (5)
 - 5 Nice caretaker may, given time, become egocentric (9)
 - 6 Problem is bound to put off Republican (5)
 - 7 Ground beetle ravaged ends of green allotment? (9,6)
 - 8 Priest in lay-by directed action in background (2-4)
 - 12 Cut small wood (5)
 - 14 Important Muslim lady eats wild bulb that's chewy (9)
 - 15 Snooze topos off in bracing air (5)
 - 16 British port houses third of Herefords for herdsman (6)
 - 18 Amazing amateur - tiny clothes, so minute (7)
 - 20 Buff oddly brewing last of wine (5)
 - 21 Nosey US rocketry student? (5)
 - 25 Discharge leaders of American Red Cross (3)

- ACROSS**
- 1 Gold coin, bent, then ring found in river (7)
 - 16 Doctor liked bran - it's OK to taste (9)
 - 17 Ring for each alto, primarily for musical work (5)
 - 19 What some drunks do about money in bank account? (11)
 - 22 Ditch chopper (3)
 - 23 Eleven in government reserve this time during day (7)
 - 24 Lad receives a medal - I've forgotten his name (2-3-2)
 - 26 Judge runs into earl on way back (6)
 - 27 Authority adjusts line round Catholic church (7)

- SOLUTION TO No 7008:**
- ACROSS:** 1 Anaesthetic. 9 Utterly. 10 Noticed. 11 Sod. 12 Inferno. 13 Chorlie. 14 Lac. 15 Posse. 17 Skint. 18 Brass. 20 Humus. 22 Lea. 24 Atheism. 25 Exhaust. 26 Ant. 27 Draught. 28 Upright. 29 Treacherous. **DOWN:** 1 Artificial heart. 2 Airdrop. 3 Say-so. 4 Hand cream. 5 Tattoos. 6 Cocktail lounges. 7 Burial. 8 Advent. 16 Schematic. 18 Brandy. 19 Shingle. 21 Scherzo. 23 Astute. 25 Etude.

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Dilbert

by S Adams



From Kotex to Pad Man

Measuring the Menstrual Products Revolution

It would be an interesting irony if the final result of the menstrual products revolution, started by Kotex and carried on today in India by Pad Man, could end with menstruation being considered as something so routine, that products to conceal and hide it are no longer needed. **Vikram Doctor** reports

In Firdaus Kanga's entertaining novel *Trying to Grow* (1991), loosely based on memories of growing up in a Parsi family in 1960s Bombay, he writes about how when he was a small boy his enterprising mother Sera once enlisted his services.

"Come darling!" she said. "Won't you help Mummy make little dollies? You can't get them at the shops anymore and we must be prepared!" I spent a couple of hours happily spreading out the swathes of gauze that Sera cut out, padding them with cotton wool for her to shape and tape in place. It wasn't till I was twelve and another shortage hit us that I realised I had joined a sanitary-towel assembly line when I was four."

Kanga's jaunty memory isn't just a rare insight into the necessity for home manufacture of menstrual products in India's shortage plagued Sixties, it's a rare example of menstruation and products to deal with it being mentioned in Indian writing at all. Kanga's novel is set in a fairly Westernised family, but even similar stories rarely deal with the subject.

Menstruation does feature in Indian women's memoirs, usually in descriptions of the humiliating way they were forced to stay apart from the rest of the family, sometimes without even food. Lakshmbai Tilak's memoir in Marathi *Smruti-Chitre* (published in the 1930s) recalls how, when her husband was out of town, her father-in-law would cook only for himself, leaving her to starve since there weren't other women in the family to help her.

This distaste comes from edicts like the Laws of Manu which state that "The wisdom, the energy, the strength, the might and the vitality of a man who approaches a woman covered with menstrual excretions utterly perish." Most religions had proscriptions like this which made discussion of menstruation, leave along products to deal with it, quite taboo.

Which makes films like *Pad Man*, which opens this weekend, all the more important. The film, which stars Akshay Kumar, Sonam Kapoor and Radhika Apte, tells the real life story of Arunachalam Muruganantham, who devised a machine to make low cost sanitary napkins and popularised its use in rural India. Regardless of how well the film does, it will help in normalising conversations around the use of products to deal with menstruation.

CELLUCOTTON AND WORLD WAR I

Coincidentally, *Pad Man* comes out in time to mark an important centenary. World War I, which ended in 1918, is associated with so much horror and sadness, that it seems almost

World War I, which ended in 1918, is associated with so much horror and sadness, that it seems almost inappropriate to note that it also helped create modern sanitary pads

inappropriate to note that it also helped create modern sanitary pads. Kimberley-Clark, an American paper products company, developed a cotton substitute from wood pulp to help deal with battlefield wounds. Cellucotton, as it was called, was five times more absorbent than cotton, and cheaper to make.

With the end of the war Kimberley-Clark was wondering what to do with its cellucotton manufacturing facilities. One executive, Walter Luecke, noted references from the American Fund for the French Wounded to nurses using cellucotton as makeshift sanitary napkins. Luecke set about creating a commercial product from this which would take its name from the base material's 'cotton-like texture'. Kotex, as it was called, became the first really mass-market sanitary product.

Before Kotex a range of products were in use. For centuries women had used homemade devices of rags or other absorbent materials. In *Under Wraps*, Sandra Vostral's history of menstrual hygiene technology, she notes that "During the 1890s, menstrual hygiene products began appearing in catalogs such as Sears and Roebuck." Lister Towels, was an early branded product from Johnson & Johnson, and competed along with rubber aprons and pants, with the homemade napkins.

KOTEX AND GOWNS

Kotex was a significant improvement over all these, and its success can be seen in the rapidity with which it spread across the world. By the 1920s the *Times* of India in Bombay was carrying ads for it which did a balancing act between explaining its benefits without actually mentioning what it was for at all. "And now the



ultimate comfort details—softer gauze, fluffier filler, a more adaptable shape... The lines of any gown, however clinging, may be worn with an entire absence of self-consciousness."

The reference to gowns in that ad indicate it was aimed at Western women in India. That Kotex is sold as being undetectable exemplifies Vostral's argument that "if women could act like they were not menstruating or at least convincingly hide their bleeding bodies, they might be spared the unsavoury opinion that they were unstable and unfit as political beings and workers during their periods." Kotex helped overcome prejudices like the Indian ones by allowing men to forget that women menstruated.

This did mean that women had to cover up the pains and fatigue of menstruation. It also seemed to reduce the considerably varied experiences of menstruation to a kind of plumb problem. The history of the emerging technology of menstrual products, including different kinds of pads, liners and insertable tampons, is a litany of men discussing women's bodies in a rather disconnected way.

WOMEN'S SUFFRAGE

But the products were vital for an era when women were stepping outside homes, and into the workplace in ever larger numbers. Women's suffrage, which also celebrates its centenary in the UK this month, was another side-effect of the increased responsibilities women had taken up in WWI. And by the time WWII arrived in 1939, sanitary napkins and tampons were so well established that the Western armed forces had to start supplying them to the women in its ranks, around the world.

In India, commercial menstruation products were still a very niche market, and it may have reduced even further when Western consumers left in the 1950s. References to menstruation in

Sanitary napkins are now a fairly well established category in urban areas, bought and sold in a routine way. But even in cities there are areas where, due to lower incomes and people living crowded with each other, women still face problems handling menstruation

ToI are very few in those years and often come in a moralistic context. In 1955 one writer advised that "a girl who is a tomboy, who dresses unattractively, who plays down her good points, and who says she does not want to grow up like her mother... is suffering from jealousy and an inferiority complex and, as a consequence, often has pain during her 'periods'."

ONE WAY FLOW

Even in 1971, in a long article in ToI titled 'Where Ignorance Spells Danger' which discusses the need for sexual education for women, including menstruation, there is no mention of products to cope with it. It was only in the 1980s that such products start being featured in an open way. An ad for Rely Beltless Sanitary napkins in 1987 "manufactured with Swedish technology" does offer a hint of what was going on

by talking about "a one way flow surface lining which ensures quick flow of the fluid through." And its image of a woman dancing somewhat randomly would soon become a visual cliché for the category.

In *Pad Man*, the hero is driven to innovate, as Muruganantham was, by the high price of sanitary pads from multinational companies. Yet these companies deserve some credit for rather gingerly opening up the subject for discussion in the first place. Procter & Gamble's launch of *Whisper* in 1990 forced older manufacturers to start marketing in a more open way. A long article from that year in ToI talks candidly about the issues that matter in the Indian market—disposability, for example, with many consumers unsure how to get rid of used napkins in an unobtrusive way.

But even such measured openness could provoke a reaction. In 1994 ToI carried a report from Dhanbad (now in Jharkhand) where a P&G sample distribution in schools caused an uproar: "A Bharatiya Janata Party leader described the exercise as yet another instance of the 'onslaught of multinationals on Indian culture' while a local Janata Dal activist observed that 'the multinationals have reduced the temples of learning into a market place.'"

Nor were such attitudes restricted to smaller towns. The next year the Mumbai Grahak Panchayat, a respected consumer rights organisation in the city launched a campaign against the advertising of sanitary napkins. ToI reported that its Ad Watch Club "has sought immediate deletion of 'unnecessary details regarding menstruation which the club says may embarrass family members.'" The club alleged that sanitary napkin ads "infringe upon women's right to privacy."

EMBARRASSMENT CONTINUES

Another detail from around then indicates the embarrassment still surrounding sanitary napkins. An article describes how drugs were smuggled by being stitched inside sanitary napkins—since policemen avoided touching them, more police women were clearly needed! Yet women were finding ways to deal with the embarrassment of ordering them: another article mentioned how sanitary napkins were now being included on monthly shopping lists to be automatically delivered home.

Sanitary napkins are now a fairly well established category in urban areas, sold in general shops (not just chemists, as in the past) and bought in a routine way. But as some recent articles prompted by the release of *Pad Man* show, even in cities there are areas where, due to lower incomes and people living crowded with each other, women still face problems handling menstruation. Different solutions are being discussed now, including some, like washable menstrual cups, that go beyond sanitary napkins to a more environmentally friendly result.

But in another sense these solutions for before, to those old rubber products of the pre-Kotex days. Except that now they are really designed with women's bodies in minds, and relatively openly sold and used. It would be an interesting irony if the final result of the menstrual products revolution, started by Kotex and carried on today in India by *Pad Man*, could end with menstruation being considered as something so routine, that products to conceal and hide it are no longer needed.



What If Self-Driving Cars Can't See Stop Signs?

There's no easy fix. The good news is that scientists have identified the risk in time, before humans have started relying too much on artificial intelligence. **Mark Buchanan** reports

For all its impressive progress in mastering human tasks, artificial intelligence has an embarrassing secret: It's surprisingly easy to fool. This could be a big problem as it takes on greater responsibility for people's lives and livelihoods.

Thanks to advances in neural networks and "deep learning," computer algorithms can now beat the best human players at games like Go, or recognize animals and objects from photos. In the foreseeable future, they're likely to take over all sorts of mundane tasks, from driving people to work to managing investments. Being less prone than humans to error, they might also handle sensitive tasks such as air traffic control or scanning luggage for explosives.

But in recent years, computer scientists have stumbled onto some troubling vulnerabilities. Subtle changes to an image, so insignificant that no human would even notice, can make an algorithm see something that isn't there. It might perceive machine guns laid on a table as a helicopter, or a tabby cat as a guacamole. Initially, researchers needed to be intimately familiar with an algorithm to construct such "adversarial examples." Lately, though, they've figured out how to do it without any inside knowledge.

Speech recognition algorithms are similarly vulnerable.

On his web site, computer scientist Nicholas Carlini offers some alarming examples: A tiny distortion of a four second audio sample of Verdi's *Requiem* induces Google's speech recognition system to transcribe it as "Okay Google, browse to Evil.com." Human ears don't even notice the difference. By tailoring the noise slightly, Carlini says, it's easy to make Google transcribe a bit of spoken language as anything you like, no matter how seemingly different.

It's not hard to imagine how such tricks could be used to nefarious ends.

Surveillance cameras could be fooled into identifying the wrong person indeed, any desired person as a criminal. Indistinguishable changes to a "Stop" sign could make computers in a self-driving car read it as "Speed Limit 80." Innocuous-sounding music could hack into nearby phones and deliver commands to send texts or emails containing sensitive information.

There's no easy fix. Researchers have yet to devise a successful defense strategy. Even the lesser goal of helping algorithms identify adversarial examples (rather than outsmart them) has proven elusive. In recent work, Carlini and David Wagner, both at the University of California, Berkeley, tested ten detection schemes proposed over the past year and found that they could all be evaded. In its current form, artificial intelligence just seems remarkably fragile.

Until a solution can be found, people will have to be very cautious in transferring power and responsibilities to smart machines. In an interview, Carlini suggested that further research could help us know where, when and how we can deploy algorithms safely, and also tell us about the non-AI patches we may need to keep them safe. Self-driving cars might need restrictions enforced by other sensors that could, for example, stop them from running into an object, regardless of what the onboard camera thinks it sees.

The good news is that scientists have identified the risk in time, before humans have started relying too much on artificial intelligence. If engineers pay attention, we might at least be able to keep the technology from doing completely crazy things.

Bloomberg

Taboos Exist Among Both Genders: Radhika Apte

Mumbai: Actress Radhika Apte, who plays a key role in Akshay Kumar-starrer *'Pad Man'*, says the menstruation taboo has not only existed among men but also among women who are conditioned for years not to talk about the natural process openly.

Asked if the film can bring any change in the society, Radhika told IANS: "I think the taboo attached to menstruation is not only among men, but women as well. It is happening for years. Even women feel uncomfortable to talk about it openly."

"Mothers taught their daughters how not to talk about it openly, not to go to the kitchen or not to enter the temple. So it does not just exist among men but women as well."

"Though I think one film cannot bring all the changes to a practice that is happening for ages, if people start talking about menstruation comfortably, be aware of the importance of menstruation hygiene, it would be more than enough for us. And it is also about the journey of an individual who struggled

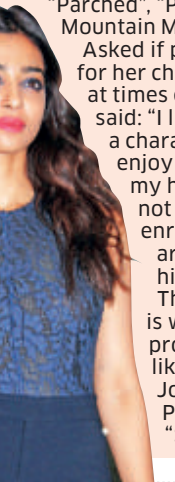
through his life for a cause. It is an incredible story."

Starting her acting career in theatre, Radhika has acted not only in Bollywood films but also in various regional language films ranging from those in Bengali and Tamil to Telugu and Malayalam. She has been appreciated by critics and audience for some of her fine performances in films like *'Rakht Charitra'*, *'Badlapur'*,

'Parched', *'Phobia'*, *'Manjhi - The Mountain Man'* and *'Kabali'*.

Asked if putting in so much work for her characters in every film at times exhausts her, Radhika said: "I like to work hard for a character that I play. I enjoy the process of doing my homework. It does not exhaust me as it is enriching. For a performing artiste, it is the biggest high."

This year, the actress is working on several projects including films like *'Bazaar'*, *'Bhavesh Joshi'*, *'Shoot the Piano Player'* and web series *'Sacred Games'*. —IANS



Tickling All Kinds of Palates

We can take a cue from the French experience and use our vast culinary repertoire to good effect from the negotiating table to the dining table

Silk Stalkings



Reshmi Dasgupta

"Washington is enjoying a little Indian moment," said the US capital's leading daily last month. It was not referring, however, to the alleged bonhomie between their mercurial President Donald Trump and India's Prime Minister Narendra Modi. The commentator was the respected food critic Tom Sietsema and he was alluding to the opening of three high-end Indian restaurants in Washington DC over the past three months.

Last month at Davos, the complement of Indians included—besides Prime Minister Modi and Indian business leaders—an army of chefs, who had apparently also flew in 1000 kg of spices for a culinary extravaganza. And this is not without precedent in Europe's rarified circles. It is said that the wily diplomat Talleyrand told Napoleon (who was indiffer-

ent to food), "Give me a good chef and I shall give you good treaties..."

And Talleyrand's brilliant chef de cuisine, the legendary Marie-Antoine Carême carried out his own subversive revolution. He is credited with converting the power elite of 19th century Europe—his captive audience during the protracted Congress of Vienna negotiations—to a new refined cuisine that used fresh, seasonal vegetables, aromatic herbs and elaborate, intense sauces. And, of course, his desserts were magnificent.

He also applied a scholarly eye to this French "haute cuisine" (as distinct from France's home-style repertoire) by identifying four "mother sauces" and writing about the building of great dishes from their simple bases. His work on codifying French cuisine was built upon by the great Auguste Escoffier later on the century. The cachet of French cuisine today owes a lot to these two great practitioners and their official patrons.

India itself could be said to be going through a similar 'Indian moment' as Sietsema put it, as far as food is concerned at the upper end of the market. There have

always been much-loved small restaurants serving niche cuisines to clientele from their own regions. The bigger, upper end restaurants serving 'Indian cuisine' stuck to souped-up avatars of tried and tested "mainstream" culinary offerings—with or without "modern" presentation.

Now there are three distinct developments on the food front. Pop-ups and collaborations are giving Indians a taste of cuisines that may not yet be able to sustain an all-year-round restaurant. Standalone restaurants are not only showcasing niche cuisines to the table but also getting inventive with familiar dishes. And finally, five-star hotels are bringing their experience, exposure and deep pockets to bear in their "Indian" fare.

India, however, is different from France, as our regional cuisines are very distinct—and many are haute too. There are no "mother sauces" nor a range of complimentary refined dishes that can be easily laid out as a single grand cuisine. Such is the variety and bewildering complexity of all our cuisines, that the evolution of a French style haute cuisine is quite impossible and inadvisable. At the very least, it



Rashtrapati Bhavan and Hyderabad House should rope in culinary stars to showcase India's ancient and modern flavours. Indian cuisine needs its own Talleyrands, Carêmes and Escoffiers

is a challenge.

However, we can take a cue from the French experience and use our culinary repertoire to good effect from the negotiating table to the dining table. As the new talent on the food front here demonstrate every day, India has mindboggling ingredients and flavours to tickle all kinds of palates, and a new willingness to experiment and adapt. All it needs is a large platform—partly provided already by the internet—to tempt the world.

Food needs education and interpretation in order to be understood. Much like we depend on the annals of foreign travellers from Xuanzang (Hsien Tsang) and Ibn Battuta to Tavernier for insights into our own history, today Indian cuisine is being interpreted and disseminated mostly by foreigners or Indian chefs resident abroad. While their inputs are valuable, there needs to be an intellectual investment from here as well.

Official patronage like at Davos provide opportunity but even in India Rashtrapati Bhavan and Hyderabad House should rope in culinary stars to showcase India's ancient and modern flavours. And Indian chefs, in turn, need to do more than just dish out great food. They need to communicate their philosophy and familiarise diners with ingredients and techniques. In short, Indian cuisine needs its own Talleyrands, Carêmes and Escoffiers.

NITs set to Admit More Women

Prachi.Verma@timesgroup.com

New Delhi: After the IITs, 31 National Institutes of Technology (NITs) are set to rework their gender diversity numbers. This follows a directive from the Ministry of Human Resource Development (MHRD) sent to NITs and the Indian Institute of Engineering Science and Technology (IIEST), Shibpur. The directive suggests that each of these institutes would have to admit at least 14% women by creating supernumerary seats (if required) this year. Earlier, the IITs had received a similar communication from the government, as reported by ET.

“The idea is to restore a gender balance among premier engineering colleges as they have been highly skewed against the girls,” said an MHRD official, who did not wish to be named. “Entrance exams are so tough that one cannot crack it without rigorous coaching. Generally, girls are not sent to coaching centres which are in far-flung places such as Kota and Hyderabad,” he said.

At least six NITs that ET spoke to confirmed that they had received the communication from the government.

“We have received a circular from the ministry to ensure 14% seats for women candidates in this year’s admissions,” confirmed Lalit Awasthi, director, NIT-Jalandhar. This is a move to improve the number of women at the premier engineering colleges.

The directive, a copy of which is with ET, states, “Each of these institutes will have to increase female enrolment in B’Tech programmes at the levels prescribed for IITs.” This means that each of the institutes will have to increase female enrolment from the current levels to 14% in 2018-19, 17% in 2019-20, and 20% in 2020-21. The number of male students admitted will not be reduced unless the overall performance of male candidates in the JEE (Joint Entrance Examination) declines vis-à-vis female candidates, states the directive.

In the NIT system, half of the seats are allotted to students from the home state, while the rest are for students from other than the home state.

The JEE Main is based on the Class 12 syllabus, while the JEE Advanced syllabus goes beyond what is taught at the school level. This could be a reason why the percentage of women enrolled at the NITs dropped from over 20% in 2016 to about 15% in 2017.

“Girls perform better than boys in 12th standard board exams, yet the ratio of girls at engineering colleges is dismal,” said Rajeev Tripathi, director of Motilal Nehru National Institute of Technology (MNIT)-Allahabad.

However, when compared to IITs, NITs fare better — both in terms of percentage and absolute numbers. Last year (2017-18), NITs admitted 2,640 women, against close to 1,000 women admitted at the IITs.

Several companies have hailed the move. “We have always made diverse hires from NITs and welcome this decision,” said Vishpala Reddy, chief people officer, Uber India and South Asia.

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UT PRASARAN NIGAM LIMITED

kula. CIN : U40101HR1997SGC033683

to E-tender Enquiry No. 907 Dated : 13.01.2018

99) for procurement Digital Earth to 400kV S/Stns.).

id submission is extended up to 06.02.2018

der document is available at website ement.gov.in, https://www.hvpn.gov.in

(Sd) Superintending Engineer/MM-II, for CE/MM, HVPNL, Panchkula.

No.1052/11/0085/1718/6072701/02/2018.

Corrigendum No. 05 against E-Tender enquiry No. 12/CWD-2/Vol-VIII/2017-18 dated :- 11/10/2017.

HARYANA VIDYUT PARSARAN NIGAM, LTD

Last date of online bid Submission is extended up to 16.02.2018 (13:00 Hrs.)

Draft NIT and Tender document is available at website <https://haryanaeprocurement.gov.in>, <https://www.hvpn.gov.in>

Executive Engineer, Civil Works, Division HVPNL, Hisar.

Issued through: DPR, Haryana/Advt.No. 1052/11/0080/1718/60719/01/02/2018

**COCHIN INTERNATIONAL AIRPORT LTD.**
CIAL/COM/LIC 63/ 14799
03-02-2018

TENDER NOTICE

RETAIL SHOPS


Sealed tenders are invited from eligible agencies for operating Retail Shops in the Security Hold Area of the New Domestic Terminal(T1) at Cochin International Airport. For further details, please log on to www.cial.aero or contact 0484 2610115(Extn:2614, 3598)/Mob:9539701512.

Sd/-
MANAGING DIRECTOR

REQUEST FOR PROPOSAL

Kerala State Industrial Development Corporation Limited (KSIDC) invites proposals from interested bidders for **“Selection as Consultant for preparation of a Detailed Action Plan for the Growth of Natural Rubber–based industries in Kerala”**.
The e–bid document is available on the e-tender portal <https://etenders.kerala.gov.in> and www.ksidc.org
Last date for submission of RFP is on or before 14.02.2018, by 1500 hrs.
Sd/-
Managing Director


**Managing Director,**
Kerala State Industrial Development Corporation Ltd.,
T.C. XI/266, Keston Road, Kowdiar, Thiruvananthapuram - 695 003,
Ph.: 0471-2318922 (EPABX), Fax: 0471 2315893.

**RAICHUR POWER CORPORATION LIMITED**
(A JOINT VENTURE COMPANY OF KPCL, BHEL & IFCIL)
YERMARUS THERMAL POWER STATION
CIN: U40101KA2009PLC049582

E-Tender No. KPCL/2017-18/PS/WORK, INDENT 6799
Date: 31.01.2018

BRIEF TENDER NOTIFICATION

Raichur Power Corporation Ltd., invites bids through GoK e-Procurement platform www.eproc.karnataka.gov.in Under "works" category from reputed bidders for the Work of **Manual unloading of coal from railway loaded wagons at YTPS holding yard, also transportation of coal from YTPS holding yard to YTPS coal stack yard**, Coal quantity of Eight Rake. Last date for seeking clarifications by the Tenderers in writing through e-portal is **05.02.2018 up to 18.00 Hrs.** Last date & time for bid submission along with Technical & Financial bid (Part I & II) is **10.02.2018 up to 14.00 Hrs.** Opening of Technical Bid (Part I) on **12.02.2018 @ 15.00 Hrs.** & Financial Bid (Part II) on **12.02.2018 @ 16.00 Hrs.** (Subject to intimation). The brief bid notification containing the pre-qualifying criteria for the bidders, calendar of bid activities & other details can be accessed from e-procurement portal. The details are also available on website www.karnatakapower.com Any further details can be obtained from the **Superintending Engineer (MM-2), RPCL, YTPS, Yermarus-584 134, Dist. Raichur.** Tele/Fax: 08532-286003. Mob: +91 9480682547, 9449596598. E-mail: sechprpcl@gmail.com Website: www.karnatakapower.com

**ऑयल एण्ड नेचुरल गैस कॉर्पोरेशन लिमिटेड**
Oil and Natural Gas Corporation Ltd.

Invitation for Expression Of Interest (EOI) for Hiring of HELICOPTER EMERGENCY MEDICAL SERVICES [HEMS]

Oil and Natural Gas Corporation (ONGC), a Govt. of India Enterprise invites Expression Of Interest (EOI) from prospective firms to provide on hire Helicopter Emergency Medical Services (HEMS) on 24 x 7 basis and position the same at strategic locations for evacuation of personnel from offshore installations in case of emergencies. There are around 50 nos. and 15 nos. of offshore installations at Western and Eastern coasts or which HEMS services are intended to be put in place.

Note: For further detail logon to ONGC website "tenders.ongc.co.in" and "etender.ongc.co.in" (for e-bid). In case of exigencies ONGC at its option may decide to extend tender sale/Techno-commercial bid closing/opening date/time in future which will be posted on the above referred website for information. Bidders should regularly visit ONGC tender website for the latest information in this regard. New vendors should ensure to approach ONGC for issue of vendor code number along with all the required documents minimum 5 working days prior to bid closing date.
Pls. see website : tenders.ongc.co.in & etender.ongc.co.in

MILITARY ENGINEER SERVICES

E-PROCUREMENT TENDER

Garrison Engineer (P) (AF) Gurgaon-122005 on behalf of President of India invites electronic bids from eligible Contractors of MES and enlisted/un-enlisted Contractors working with other Govt. Departments to meeting criteria for s

**PUNJAB STATE TRANSMISSION CORPORATION LIMITED**

Regd Office : PSEB Head Office, The Mall, Patiala-147001
Corporate Identity No. U40109PB2010SGC033814 www.pstcl.org
O/o : Dy. CE/ TS (Design), Telefax: 0175-2207774, E-mail : se-trd@pstcl.org

Notice Inviting Tender

Enquiry No.	STQ-5082
Description	15KV NCTs of various ratios
Qty.	36 nos.
Last Date & Time for Downloading of tender	26.02.18 at 11.00 am
Last Date & Time for receipt of tender	01.03.18 upto 11.00 am
Last Date & Time for Opening of tender	01.03.18 at 11.30 am

Detailed NIT/specification may be downloaded from PSTCL website www.pstcl.org. Corrigendum, if any, will not be published in newspapers. As such the website may be visited regularly for updates.

C-497**Dy. CE/TS (Design), PSTCL, Patiala.**

RISING YIELDS
 Bond Market may Soon See Huge Inflows

Indian sovereign yields have been spiking over the past six months. The benchmark gauge has surged 110 basis points during the period as a cocktail of domestic and global factors triggered a sell-off among jittery investors. The Budget, too, added to the uncertainty after it said fiscal deficit in the next financial year will be higher than what the market expected. The benchmark yield shot up to nearly 23-month high on Thursday, expanding the gap or spread with the policy rate, now at 6%, to a new high. The benchmark bond yield opened at 7.66% on Friday, five basis points higher than the previous day close, before closing at 7.56%.

The rise has made India yields attractive to global investors. The local benchmark now ranks as one of the highest yielding bonds among emerging markets. Given the available investment limit, this could trigger investment inflows into India despite rising US Treasury yields. "India is not part of the widely followed global bond indices. That gives great diversification to bond portfolios," said Geoffrey Lunt, HSBC, in an interview. "India is an access market with restricted foreign participation and it gives you great diversification." — **Saikat Das**

Country	10-Year Bond Yield
Turkey	11.35
Brazil	9.77
Mexico	7.57
India	7.57
Russia	7.22
Lebanon	7.21
Colombia	6.35
Indonesia	6.24
Peru	4.67
Romania	4.51
China	3.92
Malaysia	3.91
Poland	3.52
S Korea	2.75
Hungary	2.47

COMPILED BY ETIG



Wary of LTCG Tax on Equity Funds? Try Int'l Schemes

Their treatment as debt funds makes them more tax efficient over 3-year holding period: Experts

Prashant Mahesh & Rajesh Mascarenhas

Mumbai: The 10% long-term capital gains (LTCG) tax on equity funds will make investment in international equity funds and fund-of-funds (which invest in equity funds) more attractive since they are treated as debt funds for taxation even though their underlying asset class is equity, say experts. "For an investment horizon of three years and above, effective debt taxation could be more attractive due to indexation benefits," said Kalpen Parekh, president, DSP BlackRock Mutual Fund. For an investment in an international fund, assuming an inflation of 5% and return of 10% per annum for a period of three years, the effective tax with indexation will be approximately 3%. This compares favourably against the 10% LTCG tax for domestic equity funds proposed from April 1.

Despite financial planners advocating the need for geographical diversification, investors have shied away from such funds due to tax differential vis-a-vis domestic equity funds. While equity funds have been exempt from long-term capital gains till now, gains on international and fund-of-funds schemes are taxed like debt funds — holding period of less than three years is treated as short-term, with gains added to your income and taxed as per your applicable tax slab; for a holding period of more than three years, capital gains are taxed at 20%.

In the past month, mutual fund schemes betting on international equities have fetched better returns than domestic equity schemes because of the outperformance of overseas markets.

Riding Global Growth

International Funds	3-Month Return (%)	1-Year Return (%)	3-Year Return (%)
HSBC Brazil	14.13	16.31	8.82
Kotak Global EM	13.75	30.85	9.10
Reliance ETF Hang Seng BeES	12.70	34.83	13.50
DSP BlackRock World Mining	12.51	12.32	10.02
HSBC Emerging Markets	11.21	30.46	10.84
Edelweiss ASEAN Equity	10.50	23.86	8.85
Principal Global Opportunities	10.29	33.20	12.13
Edelweiss Greater China	10.06	47.26	16.44
ICICI Prudential US Bluechip Equity	9.94	17.21	13.34
Aditya Birla Sun Life Intl Equity	9.83	18.29	5.50
Aditya Birla Global Commodities	9.57	4.89	5.73
Edelweiss Emerging Markets	9.45	34.01	10.36
Motilal Oswal NASDAQ - 100 ETF	8.95	26.16	18.90
HSBC Asia Pacific (Ex Japan)	8.64	24.28	11.86
Franklin US Opportunities	7.77	21.03	11.94
Reliance Japan Equity	7.71	20.19	10.40

SOURCE: Value Research

The NAVs of HSBC Emerging Market Fund, Reliance Japan Equity Fund, Edelweiss Emerging Markets Opportunities Equity Offshore Fund and HSBC Asia Pacific have also risen between 8% and 11% in the past month.

In comparison, domestic large-cap funds have delivered an average return of 4% in a month, while midcap and smallcap funds have given a negative 1% return. The Sensex has risen 6% in the past month, while both the BSE Midcap and Smallcap indices have given negative returns. "Both developed and emerging markets have rallied sharply in the last few weeks on strong economic outlook, that has been reflected in the performance of India's international funds," said Taher Badshah, CIO - Equities, Invesco Mutual Fund.

Investment advisors believe this is a good time for investors to diversify geographically. "From a longer term horizon, asset allocation in the international market is recommended as investors can tap interesting global growth ideas of disruptive innovation," said Amit Shah, CEO, IIFL Asset Management.

Vishal Dhawan, chief financial planner at Plan Ahead Financial Planners, said, "As part of geographical diversification, investors should invest 10% of their portfolio in international funds." He recommends US-focused international funds given that the US is the largest economy.

Linking with GSTN to Give TreDS a Big Push

It'll increase platform's usability, end fake bills and can increase the market to ₹20,000 cr

Saloni.Shukla@timesgroup.com

Mumbai: The linking of the Trade Electronic Receivables Discounting System (TreDS) to the GST Network (GSTN) is expected to increase the usability of the platform, remove the problem of fake bills, and give a huge fillip to a market that has the potential to reach ₹20,000 crore.

With access to information on cashflows of MSMEs, banks will

also be able to offer cheaper interest rates to small businesses that have so far stayed away from formal sources of financing.

"Financiers are apprehensive of fraudulent invoices, and if trade platforms are linked to GSTN, the probability of fake bills will come down drastically," said Kalyan Basu, managing director, Invoice-mart (the Axis Bank-backed platform). "These invoices will be authenticated from GSTN and will be a goldmine of information to banks on MSMEs regarding their credit discipline."

Finance Minister Arun Jaitley said in his Budget speech on Thursday that public sector banks and corporates will be onboarded to TreDS and linked to GST, which is expected to result in mass formalisation of the MSME

sector and give banks access to cashflow information leading to prompt credit decision-making.

"Online loan sanctioning facility for MSMEs will be revamped for prompt decision making by the banks," Jaitley said.

TreDS is an on-line electronic institutional mechanism that facilitates the financing of trade receivables of MSMEs through multiple financiers.

The platform enables discounting of invoices of MSME sellers against large buyers through an auction mechanism that ensures

prompt realisation of trade receivables at competitive market rates.

The total PSU procurement from micro and small enterprises in 2013-14 was ₹12,000 crore, or 15% of the total.

The Public Procurement Policy wants 20% of all procurement by PSUs to be made from MSEs. These companies expect an annual volume of at least ₹20,000 crore, which is expected to grow once more MSME buyers and sellers join the platform.

"This is expected to give a major boost to the MSME sector with transparent price discovery mechanism and an additional avenue for getting their receivables funded," said Soumya Kanti Ghosh, group chief economic adviser, State Bank of India.

Voda Group CEO Downplays Concerns About Subscriber Market Share Loss

Devina.Sengupta@timesgroup.com

Mumbai: Vodafone Group CEO Vittorio Colao downplayed concerns about subscriber market share loss to Bharti Airtel in the lead up to the merger of its Indian arm with Idea Cellular, saying the two sides have planned well and that in any case they need to lose some to conform to sector rules on how many they can hold in a circle.

In a call with analysts after Vodafone Group's earnings on Thursday, CFO Nick Read said the UK telecom major may look at using funds from its 42% stake in tower company Indian Indus Towers to infuse into the joint venture, if needed in future. Experts have said that funds infusion into the merged company may become necessary given the poor financial performance of the two Indian telcos.

Read though said the JV has already "taken action", such as selling their respective standalone towers for \$1.2 billion, and that they expect another over \$1 billion from Idea's 11% stake in Indus Towers. Vodafone had earlier said it expects about \$5 billion from sale of its stake in Indus Tower, in which Bharti Airtel owns 42% and private equity player Providence about 5%.



Vodafone Group CEO Vittorio Colao

On market share losses, Colao said, "You would have to believe that if you were Bharti, right? We have been planning for this for a long time. We had planned as well as we can. And we are confident that we'll do a good job. The results will be seen in the market".

Colao was responding to a question on whether Bharti Airtel was right in assuming that the large-scale merger would give the market leader a window to grab more customers.

Two weeks ago, Gopal Vittal, CEO of Bharti Airtel (India, South Asia) had told analysts that mega mergers, like the one between Vodafone India and Idea Cellular, with very different cultures would be very tough to pull off.

"When Vodafone and Hutch merged in Australia, the combined entity lost 13-14 market share points," Vittal had said, indicating that Airtel potentially could gain market share while Vodafone and Idea conclude their complex merger, expected to close in March-April 2018.

However, Vittorio said the merger in India was very different than the merger in Australia with Hutchison.

"The two companies, in a way, here (in India) are more complementary. Don't forget that in Australia, there was kind of a prepaid versus contracting. There was a very different positioning, and to some extent, head-on positioning of the two brands. And then, every market is a different story. So, I will not be arrogant. We had planned as well as we can (on the India merger)," said Colao.

Vodafone Australia (VHA) is the result of a merger between Vodafone Australia and Hutchison 3G Australia in 2009.

The CEO, however, added that they would lose some subscriber market share, because the joint entity would be over the "competition cap". India's telecom M&A rules require that a merged entity's combined subscriber market share and revenue market share (RMS) should not exceed 50% in any circle. Vodafone India and

Idea are in the process of merging their operations.

The merged entity will face Reliance Jio and Bharti Airtel in an intensely competitive market which has hit revenue, profitability and cash flows.

On Thursday, Vodafone said its India third-quarter service revenue and Ebitda dropped over 23% and 43.5% year-on-year, respectively, reeling from the effects of the recent cut in interconnect usage charges (IUC) and ongoing tariff wars. Idea has been making losses for the last five quarters. Its October-December quarter was its worst ever with Ebitda falling 44%, leading analysts to say that the two would need to infuse more equity into the merged entity.

Analysts have said that Idea's present monetisation options — including the announced capital raising initiative worth Rs 6,750 crore, a potential sale of its 11.15% in Indus Towers, coupled with proceeds from sale of its captive towers to American Tower Corp (ATC) — may not be enough to bring down leverage ratio to 6.5x Ebitda by the close of the merger.

"We're confident that any support that we may be required on funding going forward, we've got the Indian tower assets. And, therefore, it won't have an impact to the group's reported leverage position," Read said.

Trai Proposes Licensing & Tax Reforms

Our Bureau

Kolkata: The telecom regulator has suggested simplification of licensing and regulatory frameworks besides rationalisation of high taxes and levies by 2019 to attract \$100 billion of investment by 2022, as much as \$60 billion of this in the next two years itself.

In its recommendations to the telecom department for the National Telecom Policy 2018 being formulated by the government, the Telecom Regulatory Authority of India (Trai) has also backed a review of licence fees, spectrum usage charges (SUC) and the Universal Service Obligation Fund (USOF) levy to enhance the overall ease of doing business.

"There is a need to review the rates of such levies keeping in view that access spectrum is now being assigned through the auction process and telecom networks have become an underlying infrastruc-



ture for growth of the digital economy," the sector regulator said Friday in its suggestions on NTP 2018, which it feels ought to be rechristened "Information & Communications Technologies Technology Policy - 2018".

Trai, in fact, has suggested a 2019 deadline for simplification of licensing/regulatory frameworks and rationalisation of telecom taxes, levies and related compliance.

Hefty telecom levies have been a key sticking point for India's telecom industry since nearly 33% of every Rs 100 earned by a telco is paid

id to the government as taxes. A cut in these levies is considered critical to provide some relief to financially stressed telcos, which have seen a sharp erosion in revenues and profits amid continuing price wars following Reliance Jio's entry in September 2016.

"We... strongly support its recommendations on simplifying the licensing and regulatory frameworks and rationalising taxes, levies and related compliance by 2019 and we expect that the same would be done at the earliest, in this year itself," said Rajan Mathews, director general of the Cellular Operators Association of India (COAI), the apex industry grouping representing Bharti Airtel, Vodafone India, Idea Cellular and Reliance Jio among others.

COAI had expressed disappointment over the February 1 Budget ignoring the high levies at a time when the industry is plagued by brutal price wars and ₹7 lakh crore

of debt.

Mathews said the industry hopes "such simplification of compliance" would include reduction in multiple audits, which would save cost and efforts of operators.

"While we support these objectives and strategies outlined in Trai's recommendations, we hope the level playing field and regulatory equality would be maintained amongst various players," Mathews said.

Trai has also backed a review of the definition of gross revenue (GR) and adjusted gross revenue (AGR) — revenue stemming from licensed telecom services — to remove ambiguities on the licence fee structure.

The sector regulator has also advocated further "simplification of One Nation — One License concept" of telecom services, and exploring a potential separation of licences/permissions for telecom infrastructure, network, services and application providers.

Jaiprakash Power Offers to Sell Nigrie Project to NTPC

Sarita.Singh@timesgroup.com

New Delhi: Jaiprakash Power Ventures Ltd has offered its Nigrie power project to NTPC for acquisition while State Bank of India has proposed stake sale in three stressed plants of Bajaj Lalitpur, Jaypee Infratech and Jindal India Thermal to the state-run firm.

NTPC had invited bids from promoters, lenders and financial intermediaries offering their domestic coal-based power plants in November last year.

NTPC, India's largest power producer, received four technical bids on Friday, the last day for responding to the tender, a government official said.

The company was, however, expecting a higher response from the private sector as there are over 34,000-mw of stressed assets in the power sector, the official said. Estimates show that of the ₹9 lakh crore worth of stressed assets in the country, more than half is in the power generation space.

The tender is part of NTPC's strategy for inorganic growth. As per its current plan, NTPC will only look at running power plants commissioned in the last three years which are close to any coal source and whose cost of power generation is less than its own generation cost.

The average cost of electricity generation from NTPC stations last financial year was ₹3.19 per unit.

Jaypee's Nigrie 1,320-mw power project in Madhya Pradesh ran into financial difficulties after de-allocation of attached captive coal block by Supreme Court. The company won a coal block Amelia North in auctions at a very aggressive price.

Bajaj Hindusthan's 1,980-mw Lalitpur Power Generation Company is under restructuring by lender's consortium.

Jaiprakash Power Ventures 1,980-mw Bara plant operating under subsidiary - Prayagraj Power Company Ltd, faced cost overrun due to delay in setting up of the project.

The plant reported losses due to increase in debt and interest rate and, unavailability of coal, the official said.

The 1,200-mw power project at Angul in Odisha is promoted by Jindal India Thermal Ltd. The project suffered after the Supreme Court coal mine de-allocation order.

BUT THEY ARE DIVIDED ON LTCG TAX IMPACT

The Brokerage Note: Budget Set to Give Rural Economy a Fillip

Brokerages said the Union Budget was positive for the rural economy. They are, however, divided on the impact of long-term capital gains (LTCG) tax on equities. HSBC said it will not be a big dampener, but CLSA said the tax may cause flows to slow down. Here's what brokerages had to say about the Budget:



Credit Suisse

Credit Suisse said that contrary to market concerns, tax projections seem conservative. Concerns on assumed monthly run-rate of GST in FY19 being substantially higher than FY18 are misplaced as collections this year are higher than the monthly rates announced. The introduction of long-term capital gains tax on equities is a negative for sentiment, it said.

Stock beneficiaries: ITC

CLSA

IT SAID THE 3.3% fiscal deficit target for the financial year starting April appears ambitious. The government has built in a 25% jump in sustainable GST revenue, but that appears difficult to achieve, said CLSA. The imposition of long-term capital gains taxes on equities would raise the cost of equity and may lead to flows slowing, it said.

Stock beneficiaries: Life insurance cos, ITC, L&T, M&M

HSBC

The fiscal deficit target of 3.3% for FY19 is modestly higher than expected, said HSBC. The firm said long-term capital gains tax on equity will not be a great dampener and is a long-term win-win situation. The uptick in rural income will bode well for agri chemicals, crop protection, and FMCG companies.

Stock beneficiaries: Sectors linked to rural recovery, general insurance, select infrastructure plays

Bank of America Merrill Lynch

The bank said minimum support prices for many agri-commodities are likely to be increased, but that may not have a major impact on inflation as market prices for many are already higher than likely revisions. Over a three-year period, LTCG tax makes equity taxation worse than for debt though that in itself may not be enough to stem the flow of funds into equity markets, it said.

Stock beneficiaries of Budget: NA

Not Just iPhones, Mac and iPads too Drive Apple Sales in India

While Mac sales rose 2% globally in Oct-Dec, growth was stronger in emerging markets, including India

Writankar.Mukherjee@timesgroup.com

Kolkata: It's not just iPhones — Mac computers and iPads have started to deliver results for Apple in India, growing at a faster pace than the global average after the company expanded distribution and pushed sales in the country.

Apple has now hired senior executives to lead policy and HR in India, two senior industry executives said. Apple, which declared its October-December quarter results on Friday, reported an all-time record quarterly revenue of \$88.3 billion globally, with sales outside the US accounting for 65% of sales. While iPhones have always been the main growth driver for Apple in India, the company said Mac and iPad sales grew at a record pace.

While Mac sales increased 2% globally during October-December, growth was stronger in emerging markets including India, Apple chief financial officer Luca Maestri said in an earnings call.

"Mac performance was particularly strong in emerging markets with unit sales up 13% year-over-year and with all-time record in Latin America, in India, Turkey and Central and Eastern Europe," Maestri said.

Similarly, iPad sales growth was in strong double-digits in many emerging markets, including Latin America, the Middle East, Central and Eastern Europe and India, apart from markets like Japan, Australia and Korea, Maestri said.

An industry executive said Apple expanded distribution of Mac computers and iPads last year to neighbourhood multi-brand cellphone stores and smaller Apple exclusive stores coming up in neighbourhood locations, pushed online sales and started to promote them aggressively with cashback and EMI offers, which delivered higher sales.

This is in line with Apple's strategy to increase its installed base in India, irrespective of product segment, which will drive sales of other products, according to Tarun Pathak, associate director of Hong Kong-based Counterpoint Technology Market Research.

"However, Apple will need to tackle the challenge of localising assembling as the recent increase in duty will make its products costlier ever in India," said Pathak.

The government proposed on Fe-



bruary 1 to increase customs duty on a range of products, including mobile phones.

To strengthen local operations, Apple India has roped in Virat Bhatia as managing director for strategy and policy and Vikrant Bhatnagar as head of HR.

A company spokesperson declined to comment on the two appointments.

The LinkedIn profiles of Bhatia and Bhatnagar were updated with their respective roles in Apple India.

Apple has been seeking concessions from the government to set up full-fledged manufacturing operations, run company-owned stores and sell certified refurbished handsets in the country.

Bhatia joins the iPhone maker from AT&T South Asia, where he was regional president (international external affairs). He will be responsible for liaison with the Indian government and report to Apple headquarters in Cupertino. Bhatnagar was chief people officer at software firm Freshworks Inc.

He had senior-level stints at Hike Messenger, Amazon and Aon Hewitt, according to his LinkedIn profile. The government in the Budget proposed to increase duty on imported smartphones to 20%. The duty was raised to 15% last December from 10% earlier. Apple increased iPhone prices by an average of 3.5% in December due to the higher duty.

Flipkart Revenues Rise 29%, Losses Swell 68% in FY17...

Fall in valuation led to a five-fold increase in e-tailer's finance costs to ₹4,308 crore

Varsha Bansal & Madhav Chanchani

Bengaluru: Flipkart Group saw its overall revenues increase by nearly a third in the previous fiscal while losses ballooned on the back of falling valuation. Revenues rose by 29% to ₹19,854 crore in the financial year ending March 2017, according to the regulatory filings made by the online retailer's parent company in Singapore. The company's losses increased by 68% to ₹8,771 crore, according to documents sourced from data intelligence platform Paper.VC. This was primarily on account of a five-fold increase in finance costs to ₹4,308 crore, driven by a fall in valuation. Flipkart's valuation fell from \$15.2 billion in 2015 to \$11.6 billion in April 2017, when it raised capital in a round led by Chinese internet conglomerate Tencent. The cost incurred — called "fair value loss on derivative financial instruments" — stood at ₹3,412 crore in FY17. Without this steep cost, Flipkart's overall loss would have increased by 2.4%, indicating heightened control on expenses during the period. The rate of revenue growth, however, slowed down from close to 50% in FY16, according to the regulatory filings. "The first thing to note is that the days of Flipkart growing by close to 100% annually are gone. While they are not growing like they used to 3-4 years ago, that is to be expected in a company at this stage in their lifecycle," said Kartik Hosanagar, a professor at The Wharton School of the University of Pennsylvania. Online retail growth rate in India, which peaked at 133% during 2014,

Mixed Bag

Revenue:
FY16: ₹15,403 crore
FY17: ₹19,854 crore
Increased by **29%**

Loss:
FY16: ₹5,223 crore
FY17: ₹8,771 crore
Increased by **68%**

Cash in Hand fell by 13% to ₹3,579 crore

Investments in Mutual Funds/Bonds fell sharply by 78% to ₹1,114 crore

Advertisement & Business Promotion Expenses:
FY16: ₹1,086 crore
FY17: ₹1,188 crore
Increased by **9.4%**

Finance Costs:
FY16: ₹806 crore
FY17: ₹4,308 crore
Increased by **434%**

Employee Benefit Expenses (most of which are salary and bonuses):
FY16: ₹1,880 crore
FY17: ₹2,052 crore
Increased by **9%**

has been slowing down since then with the forecasted growth rate of 26% in 2017, according to a report by Forrester Research. Apart from the finance costs, Flipkart has been able to control all other costs. For instance, cost of talent — including salaries and stock-based compensation — went up only by 9% to ₹2,052 crore in FY17, as compared with a 124% spike in FY16. Similarly, advertising and business promotion expenses also went up by just 9.4% to ₹1,188 crore, as compared with a 100% jump in FY16. But this is expected to change now as Flipkart managed to raise \$4 billion last year from cash-rich backers like Japan's SoftBank to take on Amazon. In an interview last month, CEO Kalyan Krishnamurthy said Flipkart will now focus on increase in the monthly active transacting customers as the key metric, and profitability has taken a backseat. This means an aggressive push into new areas, including grocery, and also spending on hiring technology talent for areas like artificial intelligence.

Another primary focus for it is the private label brands across categories from fashion to electronics and smartphones which can help improve the margins. They are expected to account for 15-20% of its overall sales volume within three years. Experts said that one of the major reasons why Flipkart has been able to turn around its operations is stability in the management team. But for a standalone online retail business to make money will be tough, as rivals like Amazon and Alibaba make huge profits from cloud services and advertising business, respectively. "The path to profitability is highly unclear. I doubt Flipkart can pull off B2B cloud services like AWS. Within e-commerce, they have to grow high-margin verticals like fashion through Myntra. They may need to get into other high-margin verticals like jewellery. But that alone might not be enough. They will need to cut down costs while remaining competitive with Amazon. That's a tall task," added Hosanagar.

Varsha.Bansal@timesgroup.com

Bengaluru: Revenues of two old anchor sellers on India's largest online retailer Flipkart and its fashion unit Myntra fell significantly in year ending March 2017 as the company restructured operations after change in industry regulations in March 2016. WS Retail, which at one point sold 90% of Flipkart's products, has posted revenue of ₹4,543 crore, a steep fall of 67% from ₹13,921 crore in the previous year, as per the company's regulatory filings, sourced through data-tracking platform Tofler. Similarly, Myntra's erstwhile largest vendor Vector E-Commerce, which used to contribute to 80% of the platform's total sales, has witnessed a 30% drop in overall revenue from FY16 to FY17. Vector E-Commerce was been fully acquired by WS Retail for ₹26 lakh in January 2017 signalling a consolidation within the seller entities of the Flipkart group.

TTML Q3 Loss at ₹526.69 Crore

Mumbai: Tata Teleservices Maharashtra Ltd (TTML) widened its net loss for the quarter ended December 2017 to ₹526.69 crore, compared with ₹343.39 crore in the same period a year ago, hurt by a restructuring cost besides lower revenue from operations amid subscriber losses. On a sequential basis, however, the losses narrowed from ₹8,194.67 crore because of the lack of exceptional expense it had recorded in the quarter ended September 2017. TTML said for the second quarter of FY18 it had recorded ₹7,708.63 crore to ₹526.69 crore of loss on its consumer mobile business assets (CMB), based on assessment of its recoverable value. Total income for TTML in the December quarter fell by about 37% on year to ₹419.36 crore. Its shares closed at ₹6.79 apiece, down by 2.44% on the BSE. — Our Bureau

Amazon's Int'l Loss Doubles on High India Spend

But posts \$2-b record profit in Dec quarter; co infused ₹6,200 cr into Indian unit during Jul-Dec

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Bengaluru: Amazon posted a record profit of about \$2 billion for the December quarter but the global behemoth's international loss more than doubled in 2017 as it increased investments in India, its most important market outside the United States. Amazon's international loss increased to \$3 billion in 2017 from \$1.28 billion in 2016, while sales jumped to \$54 billion from \$43.9 billion. Amazon infused about ₹6,200 crore (about \$970 million) into its main India unit, Amazon Seller Services, between July and December, and another ₹1,950 crore last month. The India unit is locked in a bruising battle with larger domestic rival Flipkart, which, too, has raised record capital. "Amazon's biggest prize now is India," said Vivek Wadhwa, Fellow, Carnegie Mellon University's College of Engineering. "There is no comparable market that is left. China has already been lost to Alibaba and others; India is the consolation prize." Amazon recently introduced its Alexa smart speakers in India and is preparing to launch its music streaming service as well. India is also the fastest-growing market for the company's Prime subscription service in terms of memberships, a point the Seattle-based e-commerce giant reiterated in its latest post-earnings conference call with analysts. "India continues to be a good story for us," Amazon's chief financial officer Brian Olsavsky said during the call on Thursday in the US. "We feel that (Amazon India) had a lot of growth in the past year. In fact, more Prime members joined India's Prime program in the first year than we've seen in any other country." Amazon's international sales growth in the final quarter of 2017 remained

Focus on India

Amazon's international loss increased to **\$3 billion** in 2017 from **\$1.28 billion** in 2016

Sales jumped to **\$54 billion** from \$43.9 bn

International sales growth in Q4 of 2017 remained stagnant at 29% as compared with Q3, but was much higher than the growth rate of **15-16%** registered in Q1 & Q2

Amazon infused about **₹6,200 crore** (about \$970 million) into its main India unit, Amazon Seller Services, between July and December, and another **₹1,950 crore** last month

Mellon University's College of Engineering. "There is no comparable market that is left. China has already been lost to Alibaba and others; India is the consolation prize." Amazon recently introduced its Alexa smart speakers in India and is preparing to launch its music streaming service as well. India is also the fastest-growing market for the company's Prime subscription service in terms of memberships, a point the Seattle-based e-commerce giant reiterated in its latest post-earnings conference call with analysts. "India continues to be a good story for us," Amazon's chief financial officer Brian Olsavsky said during the call on Thursday in the US. "We feel that (Amazon India) had a lot of growth in the past year. In fact, more Prime members joined India's Prime program in the first year than we've seen in any other country." Amazon's international sales growth in the final quarter of 2017 remained

Amazon is expected to surpass its \$5-billion commitment to its India business. It has so far invested about **\$3 billion** into its main India unit, Amazon Seller Services, between July and December, and another **₹1,950 crore** last month

stagnant at 29% as compared with the preceding September quarter, but was much higher than the growth rate of 15-16% registered in the first two quarters of the year. The company's US online retail business grew at a much faster clip, with North America sales surging at 42% year-on-year to \$37 billion in the December quarter. In India, Amazon is strongly focused on its Prime customers, with Prime membership remaining among its hottest selling items. The number of products eligible for Prime service in India increased to more than 25 million items last year. The company held its first Prime Day sales in the country in July. Amazon is expected to surpass its \$5 billion commitment to its India business, after its main Indian entity recently increased its authorised share capital to \$4.7 billion. Amazon has so far invested about \$3 billion in its India marketplace business. Amazon's capital infusions into its main India business unit came in more frequently last year as Flipkart raised \$4 billion last year from Japan's SoftBank and other investors including China's Tencent, and Microsoft and eBay.

BAJAJ HOLDINGS & INVESTMENT LIMITED

Performance Highlights Q3 FY18
Highest ever quarterly consolidated profit !

Consolidated Results					
(₹ In Crore)					
Particulars	Q3 FY18	Q3 FY17	9M FY18	9M FY17	FY17
Total revenue	319	277	742	669	850
Profit before tax	298	183	688	470	630
Profit after tax, before share of profit of associates	268	124	596	365	495
Share of profit after tax of associates	646	523	1,788	1,545	1,978
Profit after tax	914	647	2,384	1,910	2,473

Standalone Results					
(₹ In Crore)					
Particulars	Q3 FY18	Q3 FY17	9M FY18	9M FY17	FY17
Total revenue*	317	275	1,254	709	888
Profit before tax*	298	183	1,203	512	672
Profit after tax*	269	124	1,112	408	538
Investments (at cost)	7,675	7,019	7,675	7,019	7,090
Investments (at market value)	72,317	49,790	72,317	49,790	59,352

* The Company received dividend of ₹569 crore during 9M FY18 as compared to ₹89 crore received during 9M FY17.

Bajaj Holdings & Investment Limited | CIN : L65993PN1945PLC004656 | Website : www.bhil.in
Registered Office : Mumbai - Pune Road, Akurdi, Pune 411 035
This is an abridged representation of the unaudited financial results of Q3 FY18 and is not for the purpose of legal compliance.



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16 Sports: The Great Games

The Economic Times, New Delhi / Gurgaon, Saturday, 3 February 2018

WRISTY AFFAIR

Yadav-Chahal combo passes overseas test but bigger challenges await them

Chetan Narula, Durban

A day prior to the first ODI against South Africa at Kingsmead, Virat Kohli made a surprising admission: "We feel that the core of players (for 2019 ODI World Cup) is more or less sorted. The rest depends on who takes up a particular spot and what the team requires in certain conditions."

This six-match series is a 14-month marker for the World Cup, and an apt reminder of the preparation to be undertaken by every team that is going to play in England next summer. South Africa, for example, are trying to give some new players opportunities and sample what different talent is available to them.

It is not to say that the Proteas have begun late, for each team has different requirements and methodology. Maybe they already had a settled team and are just exploring squad options. India, in contrast, had a deeper concern about the health of their spin attack, particularly after R Ashwin and Ravindra Jadeja failed to make an impression (together picking only 5 wickets for 416 runs at an average 83.2) in the 2017 Champions Trophy (also in England).

Since the loss to Pakistan in the final, the Indian team management gradually shifted their thinking to wrist-spin in limited-overs cricket. Kuldeep Yadav made his ODI debut in West Indies, followed by Yuzvendra Chahal in Sri Lanka, even as both Ashwin and Jadeja were gradually sidelined.

In the last six months, Chahal-Yadav combo has bamboozled West Indies, Sri Lanka (twice), Australia and New Zealand, picking up 43 wickets in 19 ODIs (between them). Yet, there was always a disclaimer attached to their performances—the duo needed to do it in tougher, overseas conditions, if only to prove a point. If the Test series was a proving ground for the new-gen Indian team, this ODI series is almost a litmus test for the wrist-spin twins' credentials.



Yuzvendra Chahal (top) and Kuldeep Yadav

Perhaps it helped that they first played on the South Africa pitch that aids spin more than any other wicket in this country. "To be fair, Indian wickets are more batsman friendly. Here, I found the pitch was taking some turn, and there was wind as well which helped me in drifting the ball. Scoring runs was not easy," said Yadav, after he wrecked the Proteas' top-order with 3 for 34.

"But it doesn't matter where we play. My thinking is always only about taking wickets and it is the same for Chahal as well. The more wickets we take as a pair, the more pressure there is on the opposition and the lesser runs they will score. If we vary our pace and bring out our variations, it is not easy to play your strokes (against us) irrespective of where we are playing," he added, with his usual chutzpah.

Chahal snapped 2 for 45 as the duo accounted for five of South Africa's top-six batsmen. "The Proteas don't necessarily play spin well," someone said. Well, the same erroneous statements were heard when the Lankans crumbled (at home and then away), when Australia also struggled, and when New Zealand tried but couldn't undo this leg-spin trap. Let's face it—maybe Kohli is right. Maybe, the Chahal-Yadav combination is the real deal. Maybe, just maybe, the Men in Blue have already identified their first-choice spin pairing for the World Cup next year.

And for good reason! Picking five wickets for 79 runs on their first outing in South Africa, the Chahal-Yadav combine has already improved on India's spin showing from the 2013 ODI series here. Back then Ashwin-Jadeja managed only two wickets in three matches at average 180.5. While one match cannot tell the whole story, the difference in performance is already staggering. In this context, the continued exile of Ashwin-Jadeja from limited-overs cricket shouldn't really be surprising anymore.

"I think they stunned South Africa a bit. A few of these batsmen might have played them in the IPL, but not all of them. Regular wickets

I think they stunned South Africa a bit. A few of these batsmen might have played them in the IPL, but not all of them. Regular wickets didn't help, especially when they got the two left-handers (Quinton de Kock and David Miller). They will go back, have a relook and find out ways to counter India's wrist spin in the next ODI

NEIL MCKENZIE, former South Africa batsman, on the impact of Yadav and Chahal in the first ODI

didn't help, especially when they got the two left-handers (Quinton de Kock and David Miller). They will go back, have a relook and find out ways to counter their wrist spin in the next ODI," said former Proteas' middle-order batsman Neil McKenzie after India took a 1-0 lead.

His last statement explains the current standpoint from both vantage points. South Africa have just lost at home for the first time in 18 ODIs and there is an obvious need to get back to the drawing board, albeit restricted to the batting department alone.

For Chahal-Yadav then, the 'surprise' element is fast dissipating, having once again proven that they indeed belong at this 'overseas' level. It is now about going one step further; assimilating different conditions, gaining useful match experience, and growing as bowlers, both individually and as partners. It is the next step in their evolution towards the 2019 World Cup.

WATCH OUT! TOMORROW

2ND ODI, CENTURION

1:30pm India vs South Africa

LIVE on Sony Ten



ICC

FINALLY

Both India and Australia have three Under-19 World Cup titles, and today's the tie-breaker



MAIDEN OVERS

SNEHAL PRADHAN

Former India Cricketer

Like Ashes 2017/18, the final of the Under-19 World Cup will be a tie-breaker: England and Australia had each won 32 each before the latest series. And in the Under-19 World Cup, a tournament less ancient, India and Australia go into the final with three titles each.

Three weeks ago India handed the Aussies a 100-run drubbing in the first game they played at the Bay Oval in Tauranga. The venue for the final is the same, but the team is different.

Australia came into the tournament fresh, and a little wet behind the ears. They had played no cricket as a team since mid-December, preferring to rest their first fifteen over the holidays. So they looked very un-Australian in their first game—underwhelming fast bowling, dropped catches and a one-sided result.

They have since turned it around—demolitions of Zimbabwe and Papua New Guinea, a high standard of catching and fielding, and a stunning comeback in the quarterfinal when they defended 127 against England. They even passed a trial by spin, seeing off three very different spinners against Afghanistan in the semis.

India's biggest advantage is their form and momentum—the 'toughest' win was against Australia. But that also means they are untested. There were periods against Bangladesh and Pakistan when the middle order was under pressure, but the all-rounders made critical contributions with the bat to rescue the team.

Ahead of the semifinal, Rahul Dravid spoke of how "under-19 cricket is all about experiences, about giving them different learning environments". That is exactly what Australian coach and former fast bowler Ryan Harris is hoping his team can do. "I think their batting is strong at the top. But I don't think their lower order has been really exposed—I guess our job is to get through those players at the top and get into the lower order."

Also, the element of surprise that the fast bowlers held is lost. Videos of India's pace attack will have been dissected by Australia's analysts and the bowling machines would have been cranked up in the nets. "We know what they've got," said Harris. "But it's great to be talking about India and not talk about spin! It's great, it's a challenge for our guys. These guys haven't faced so many guys who are consistently up around 135-140 mark."

INDIA'S PATHWAY TO THE FINAL

SF beat Pakistan by 203 runs

QF beat Bangladesh by 131 runs

GROUP beat Zimbabwe by 10 wickets

GROUP beat Papua New Guinea by 10 wickets

GROUP beat Australia by 100 runs

STATOSPHERE

0 Australians among the among the top-10 scorers in the tournament

1 player from India has scored a century in the tournament—Shubman Gill. He will go into the final on the back of a record six successive 50-plus scores in Under ODIs

Our fast bowlers have been doing well right from the first match. They have provided breakthroughs whenever the team has needed one. They are ready whenever I ask them to bowl. We're all really pumped up when our fast bowlers do well

PRITHVI SHAW, India U-19 skipper

WATCH OUT! TODAY

ICC U-19 WORLD CUP FINAL

6:30am India vs Australia

LIVE on Star Sports

With the Indian team running on a cocktail of confidence and self-belief, it will take a special effort to deny them the title. "I think India have to be favourites, especially (as) they beat us here," said Harris.

The Australian bowling will be boosted by the return of fast bowlers Ryan Hadley and Zak Evans, who had missed the first game against India through minor injuries. Even so, their bowling has looked a little soft. They rely heavily on all-rounders in the middle, and leg-spinner Lloyd Pope has not always enjoyed the captain's confidence.

They'll be bowling to Prithvi Shaw, who has continued to impress with his strokeplay. After being run out for 41 against Pakistan, he seemed hungry to convert his starts into a big score. Between him and Shubman Gill, the plan will be for one of them to be at the crease for at least 40 overs.

India have played the entire tournament as if they have been on a magnetic collision course with the title. If Australia can challenge India, how they react to this less familiar situation will decide the tournament.

service replaced urine samples tainted by drugs with clean urine, breaking into supposedly tamper-proof bottles that clearly were not. At night, they passed bottles through a hole in the wall.

Beyond Sochi, the World Anti-Doping Agency has said that for years Russian officials orchestrated a doping program that involved 1,000 athletes in 30 sports.

WHO WAS THE WHISTLEBLOWER?

Grigory Rodchenkov, who ran the laboratory that handled testing for 10 years. He is now living in the United States under protection from U.S. authorities.

HAS HIS REACTION BEEN?

Through his lawyer, Rodchenkov has criticized sports officials for not punishing Russia forcefully enough for the cheating he helped expose. Rodchenkov had advocated against a blanket ban, arguing for the inclusion of clean athletes but objecting to the wide loophole sports officials wound up offering the nation.

Rodchenkov's lawyer, Jim Walden, called this week's exoneration of more than two dozen Olympians who had been accused of cheating in Sochi proof that "self-policing in international sports is a monumental failure."

The New York Times

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Attack, Attack... Defend?

Alexis Sanchez is an attacking addition to a star-studded United line-up that's struggling to defend

Kris Voakes

The excitement and anticipation of seeing Alexis Sanchez start in a thrilling Manchester United forward line lasted all of 10.48 seconds on Wednesday night. Jose Mourinho would later pinpoint the four errors his team made in that short period that set them up for a chastening defeat to Tottenham.

It was a demonstration of all the issues United have when they don't have possession. Their failings were irrefutably exacerbated by Paul Pogba's worst showing in a United shirt as he went missing for the majority of the game and was subsequently hauled off just after the hour mark, but the rest of their more glaring problems were old news.

Phil Jones made errors for both Spurs goals, and while he has developed quite a reputation for diving in front of lost causes at every opportunity, he has forever been prone to fundamental errors too. In many ways he's the personification of the chasm between a good defender and a great one. Good centre-backs can throw themselves in the way of the ball, but great defenders have a knack for ensuring such an action is rarely required.

His partnership with Chris Smalling has been a source of some concern, with both looking occasionally accomplished but regularly fallible all the same. Smalling's form has fallen off a cliff since a hugely impressive 2015, and the second he is exposed by runners from the opposition midfield he looks panicky and uneasy.

And that is where United's problems appear to lie as they prepare for the visit of Huddersfield Town on Saturday. But perhaps David Wagner's side will not be able to replicate Spurs' performance by sending attackers into the space between United's defensive lines. But Mourinho needs to address the issues before Chelsea come to town on February 25.

Against opposition who have fancied their chances on the ball, United have looked vulnerable. Their poor record against teams in the top six is down to their inability to convincingly deal with threats to their back line.

Tottenham might only have scored twice but they could have had far more, while Chelsea grabbed the winning goal at Stamford Bridge almost as soon as they launched a concerted period of pressure back in November. Add in that Arsenal were allowed to send 33 shots

towards David de Gea's goal in December and there is clearly an inherent problem for United. If anything, they need to be better at 'parking the bus'.

Nemanja Matic's form has been a concern in recent months following his lightning start to life at Manchester United, and with Pogba having been pushed up to provide



Manchester United's Phil Jones scored an own goal in a crushing loss against Tottenham Hotspur at Wembley stadium in London on Wednesday

dress the issues before Chelsea come to town on February 25.

Against opposition who have fancied their chances on the ball, United have looked vulnerable. Their poor record against teams in the top six is down to their inability to convincingly deal with threats to their back line.

Personnel changes could solve the odd issue. Replacing Ashley Young with Luke Shaw might have an effect, while Marcos Rojo or Victor Lindelof may have better luck than Jones or Smalling. But fundamentally, Mourinho needs to rethink his shape and approach.

With a sparkling front line into which Mourinho is struggling to fit the likes of Marcus Rashford and Juan Mata, the arrival of Sanchez has only made it more difficult. The consequences of an attack-heavy lineup need to be considered from here on in.

Their title challenge for this season may already be over, but the task of getting this Manchester United squad prepared for another tilt next term rests on them being able to find a balance between their star-studded attack and their ailing defence.

more support to the attacking quartet in recent weeks the Serbian has only been further exposed. Ander Herrera's downturn has also hit United hard, robbing Mourinho of the chance to add an extra man of dynamism and substance in midfield.

United have looked vulnerable against opposition who have fancied their chances on the ball—Spurs, Arsenal & Chelsea

Goal.com

A Ban That Isn't

The Russians were barred, but only sort of. Athletes were ruled ineligible and then made eligible. A guide to the messy Russia doping controversy

Victor Mather

There is significant evidence that Russia was involved in a sweeping state-sponsored doping program at the 2014 Winter Games in Sochi, Russia. As a result, the country and many of its athletes have been hit with penalties. But at least 150 Russian athletes will be competing at the Winter Olympics in Pyeongchang this month. So what are they doing there? It has been a tale of charges, countercharges, appeals and counterappeals. And it's not over yet. Confused? You are not alone. We can help.

WHY IS RUSSIA AT THE OLYMPICS?

The International Olympic Committee in December barred Russia from the Games, citing systematic doping. Russian government officials are forbidden to attend, the Russian flag will not be displayed at the opening ceremony and the anthem will not sound.

But as in 2016, the Olympic committee said Russian athletes with a history of rigorous drug testing could petition for permission to compete.

HOW MANY ATHLETES QUALIFIED?

Surprising many people, a robust team of 168 Russians was cleared to participate in the Games. While that is down from the 232 at the home Sochi Games,

it isn't far from the 177 that participated in Vancouver, British Columbia, in 2010. And more may be on the way. On Thursday, the Court of Arbitration for Sport, the top international appeals court in these cases, overturned the bans of 28 more Russian athletes implicated in the doping scandal. It said there was not enough evidence that the athletes had doped. Eleven other bans were upheld but softened.

SO ARE THEY GOING?

Maybe. The Olympic committee said the reinstated athletes were not necessarily eligible for the Pyeongchang Games. Russia's deputy prime minister, Vitaly Mutko, a former Russian sports minister now serving a life suspension from the Olympics, said Russia would fight to allow the athletes to compete in Pyeongchang.

SO ARE THESE ATHLETES REPRESENTING RUSSIA OR NOT?

It's a little complicated and a bit silly. Officially the athletes will not be the "Russia" team, but will instead be designated as "Olympic athletes from Russia." In a sense, that's a semantic and symbolic distinction. Russians who win gold will not hear their anthem played. But everyone will know they are Russian, and few will be confused by the unusual flags and uniforms.



File photo of Evgenia Medvedeva of Russia performing during the women's singles free skating event in the NHK Trophy figure skating competition in Osaka—AFP

THOSE UNIFORMS MUST BE A BIT FUNKY?

Yes, and highly regimented. The Olympic committee laid down strict rules about them. "Print size for words 'Olympic athlete from' should be equivalent to the word 'Russia,'" the committee ruled, perhaps trying to thwart typographical shenanigans like printing a tiny "Olympic athlete from" dwarfed by a giant "Russia." The font was ordered to be "as generic as possible."

ARE RUSSIA'S BIGGEST STARS ELIGIBLE?

Some are. An Olympic figure skating favorite, Evgenia Medvedeva, 18, will be there. Vic Wild, an American-born Russian gold medalist in parallel snowboard, is also on the list. Alexander Zubkov, driver of the winning two- and four-man bobsleds at Sochi, was one of the 11 athletes who lost their arbitration appeals. Viktor Ahn, a triple gold medalist in short-track speedskating who was born in South Korea, is also ineligible as of now.

WHAT ABOUT THE PARALYMPICS?

Russia has also been barred from the Paralympics, although organizers say perhaps 30 athletes will compete under a neutral flag. The entire Russian team had been suspended from the 2016 Summer Paralympics.

TELL ME ABOUT RUSSIA'S DOPING PROGRAM.

Evidence and investigative panels have shown Russia meticulously planned a doping program to ensure a good performance at the Sochi Winter Games in 2014.

A three-drug cocktail of banned substances was mixed with liquor and provided to dozens of Russian athletes. Then, during the Games, members of the intelligence

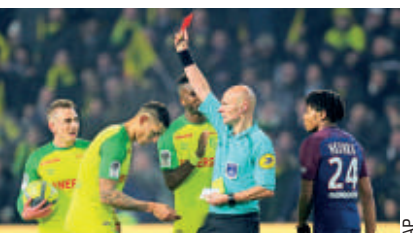


Sindhu Wins; Saina, Marin Crash Out

On a day full of upsets, PV Sindhu stepped closer to retaining her title as she reached the women's singles semifinals of the India Open Super 500 badminton tournament beating Spain's Beatriz Corrales 21-12, 19-21, 21-11. She will face Ratchanok Intanon of Thailand next. Meanwhile, Cheung Ngan Yi of Hong Kong pulled off the biggest upset of the women's singles by upstaging second seed Carolina Marin 21-12, 21-19. In another women's singles quarter-final, Saina Nehwal lost to Beichen Zhang 10-21, 13-21. In men's singles, both Parupalli Kashyap and B Sai Praneeth lost in straight games.

Sick Aubameyang, Wilshere Doubtful

Arsenal manager Arsene Wenger said his new recruit Pierre-Emerick Aubameyang and midfielder Jack Wilshere are sick and will be assessed before their clash against Everton on Saturday. Wenger also said that he would consider his newly-acquired midfielder Henrikh Mkhitaryan as a starter against Sam Allardyce's side.



Referee Tony Chapron gives a red card to Nantes defender Diego Carlos after he inadvertently clipped the referee's heels

Ligue 1 Ref Banned for Kicking Player

The French referee who kicked out at a player during a Ligue 1 game was handed a three-month ban with a further three months suspended. Tony Chapron, 45, kicked Diego Carlos of Nantes towards the end of the match against Paris Saint-Germain on January 14 after being knocked over when the pair collided. Chapron sent the player off before apologising the next day, saying Carlos had bumped into him but that his own reaction had been "clumsy" and "inappropriate". Footage of Chapron's kick went viral across the world.

WATCH OUT! TODAY

PREMIER LEAGUE

6pm Burnley v Man City

8:30pm Man United v Huddersfield

11pm Arsenal v Everton

LA LIGA

1:15am Levante v Real Madrid

ISL

8pm ATK v Bengaluru FC

I-LEAGUE

3pm Chennai City v Aizawl FC

5:30pm Shillong Lajong v Mohun Bagan

LIGUE 1

9:30pm Lille v PSG

BUNDESLIGA

8pm Mainz v Bayern Munich

WATCH OUT! TOMORROW

PREMIER LEAGUE

10pm Liverpool v Tottenham

LA LIGA

8:45pm Espanyol v Barcelona

11pm Girona v Athletic Bilbao

1:15am Atletico Madrid v Valencia

ISL

8pm FC Goa v NE United

I-LEAGUE

2:30pm NEROCA v Gokulam

5:30pm East Bengal v Indian Arrows